

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

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



**FILED**  
08/21/2013



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Nancy J. Steiner January Roush	01-01-09 to 12-31-12 01-01-13 to 12-31-16
Treasurer	Diana Schutte Vicki Boyd	01-01-09 to 12-31-12 01-01-13 to 12-31-16
Clerk	Julie Fithian	01-01-11 to 12-31-14
Sheriff	Robert F. Street	01-01-11 to 12-31-14
Recorder	Gerald R. Montgomery	01-01-09 to 12-31-16
President of the Board of County Commissioners	Paul R. George	01-01-12 to 12-31-13
President of the County Council	C. Richard Summers	01-01-12 to 12-31-13



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF MARTIN COUNTY, INDIANA

***Report on the Financial Statement***

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

***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

As discussed in Note 1 of the financial statement, the County prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the County for the year ended December 31, 2012.

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

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated August 7, 2013, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

***Accompanying Information***

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the County's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

Our audit was conducted for the purpose of forming an opinion on the County's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

*Other Information*

Included in the financial statement are the receipts and disbursements activity from emergency telephone system fees (IC 36-8-16), enhanced wireless emergency telephone fees (IC 36-8-16.5), and statewide 911 services fees (IC 36-8-16.7). In accordance with Indiana Code 36-8-16-14, Indiana Code 36-8-16.5-41, and Indiana Code 36-8-16.7-38, these fees have been subject to an annual audit performed by the Indiana State Board of Accounts and, in our opinion, are fairly stated, in all material respects, in relation to the financial statement taken as a whole.



Bruce Hartman  
State Examiner

August 7, 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 MARTIN 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 Martin 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 August 7, 2013, wherein we noted the County followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

***Internal Control Over Financial Reporting***

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1 to be material weaknesses.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those

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

provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 Finding 2012-1.

***Martin County's Response to Findings***

The County's response to the finding 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

August 7, 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.

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

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
General	\$ 430,164	\$ 2,747,293	\$ 2,820,686	\$ 356,771
Local Statewide 911	-	481,394	44,550	436,844
Motor Vehicle Highway	912,751	1,272,156	1,113,114	1,071,793
Local Road and Street	149,558	99,917	77,005	172,470
Accident Report	3,461	196	949	2,708
Firearms Training	23,914	4,000	2,295	25,619
Health	30,796	43,038	42,426	31,408
Alcohol and Drug Program	-	12,660	8,200	4,460
Community Development Block Grant	285	-	-	285
Law Enforcement Continuing Education	663	1,388	780	1,271
Clerk Perpetuation	7,984	2,417	8,000	2,401
Emergency Telephone System	279,787	245,487	525,274	-
County Drug Free	19,542	4,673	12,925	11,290
Upper Boggs Creek	11,112	-	7	11,105
Prosecutor IV-D	8,631	-	-	8,631
Recorder's Records Perpetuation	31,335	13,247	4,280	40,302
Health Maintenance	-	36,144	32,672	3,472
Plat Book	21,252	1,388	-	22,640
Supplemental Public Defender	2,909	23,515	14,865	11,559
Clerk IV-D	17,230	4,434	1,176	20,488
Surveyor's Corner Perpetuation	804	2,380	2,554	630
Jury Fees	17,927	920	1,654	17,193
Rainy Day	84,032	-	27,358	56,674
County Sales Disclosure Fees	9,546	1,150	10,000	696
Community Corrections	-	59,823	50,918	8,905
Gal/Casa	8,812	1,144	7,561	2,395
Sheriff Sales-Administrative	750	2,250	1,600	1,400
Wireless Emergency Phone System	130,509	31,237	161,746	-
Prosecutor IV-D Incentive	12,476	9,122	225	21,373
Drug Buy Money	6	-	-	6
Casa Grant	-	16,713	7,000	9,713
County Elected Officials Training	352	967	-	1,319
Cumulative Capital Development	158,584	60,913	127,181	92,316
Cumulative Bridge	320,537	154,028	157,614	316,951
County Economic Development Income Tax	445,968	287,257	316,356	416,869
Congressional School-Investment	12,957	-	-	12,957
City and Town Court Cost	182	2,333	1,368	1,147
Congressional School Interest	3,279	-	259	3,020
Clerk of Circuit Court	249,885	757,966	793,441	214,410
Surplus Tax Sale	27,950	10,699	116	38,533
Tax Sale Redemption	1,075	6,356	5,280	2,151
Surplus Tax	13,036	16,399	18,425	11,010
Fines and Forfeitures	795	732	1,251	276
State Disclosure Fees	90	1,150	1,150	90
Overweight Vehicles	125	4	129	-
Medical Co-Payments	10,142	853	769	10,226
Infraction Judgment	879	6,307	5,916	1,270
Inheritance Tax	2,592	59,603	46,232	15,963
Sheriff Inmate Trust	1,077	40,589	40,643	1,023
Special Death Benefits	75	615	660	30
Education Plate	19	263	293	(11)
Financial Institution Tax	-	20,585	20,585	-
Mortgage Fee	88	1,143	1,128	103
Child Restraint System Fees	-	175	175	-
Commercial Vehicle Excise Tax	-	86,932	86,932	-
Homestead Credit Rebate 2007	970	-	-	970
LOIT Homestead Credit	-	244,940	194,582	50,358
Public Safety LOIT	-	377,498	62,021	315,477
County Prosecutor	1,470	18,302	16,881	2,891
Township School Library Taxes	-	3,641,849	3,633,255	8,594
Prosecutor IV-D Incentive General	35,928	50,366	76,665	9,629
Sewer Lien	503	1,996	2,372	127

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

MARTIN 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
Sheriff Commissary	12,074	42,141	31,915	22,300
County Treasurer	317,383	6,598,375	6,776,962	138,796
Hoosier Safety	160	-	-	160
Delinquent Tax-State Share	-	82	82	-
Public Base Grant II	-	-	9,315	(9,315)
Polling Place Accessibility Grant	-	10,000	10,000	-
Debris Removal Grant	-	294,487	294,487	-
PCA Fee Payment	-	2,778	2,259	519
Title IV-D Incentive	-	12,457	-	12,457
County Sheriff	505	57,964	58,469	-
Public Health Base Grant	(2,948)	11,709	8,761	-
Immunization Grant	1	-	-	1
Fire Truck Grant	9	-	-	9
Family Court Project	14,010	15,000	2,296	26,714
Service Charge Fee	3,036	932	1,026	2,942
Reassessment 2010	521,836	-	193,965	327,871
Probation User Fee	85,833	26,146	16,187	95,792
Community Corrections #18	(1,376)	6,410	4,849	185
Solid Waste #58	-	101,301	101,301	-
Bio-Terrorism Grant	2,098	-	-	2,098
Community Transition Program 2	2,138	870	3,001	7
Community Transition Program 1	2,137	-	-	2,137
Pandemic Assessment	1,482	-	-	1,482
Victim Assistance 05VA093	14,567	9,290	975	22,882
Arson	297	-	-	297
Non-Reverting Voting	36,725	-	8,000	28,725
Co Law Enforcement/Sheriff	355	2,000	2,000	355
Excise-State Welfare	-	463,606	463,606	-
Riverboat Wagering Tax Revenue	9,460	61,218	63,133	7,545
Project Income Grant 2	46,807	60,832	42,016	65,623
County Corrections	29,667	7,557	16,146	21,078
Tobacco Grant-Local Health Department	16,787	9,843	14,240	12,390
Coroner Education	84	630	695	19
County Law Enforcement	2,716	-	-	2,716
Operation Pullover	185	695	880	-
Alternative Dispute Resolution Fee	3,012	1,380	3,524	868
Probation Adult Administration	54,856	5,195	-	60,051
Probation Juvenile Administration	3,835	410	-	4,245
Probation User Fees-Juvenile	11,719	2,160	140	13,739
Westgate Capital	43,926	55,158	60,857	38,227
Project Income Grant 1	-	30,835	27,532	3,303
Reassessment 2017	234,883	230,877	-	465,760
Local Emergency Planning	13,129	-	-	13,129
State Grant 20 Firestation	582	-	-	582
State Grant 21 LEDC Regional Partnership	11,698	-	-	11,698
County User Fees-Prosecutor	33,713	17,940	56,541	(4,888)
City and Town Taxes	-	679,245	687,839	(8,594)
Hava Grant	10	-	-	10
Westgate Principal and Interest	100,680	62,322	85,669	77,333
Cumulative Voting System	57,368	53,831	11,000	100,199
Cumulative Sinking	13,753	-	-	13,753
Economic Development Income Tax	-	375,026	375,026	-
County Identification Social Security Protection	4,245	967	-	5,212
Payroll Withholdings	42,433	787,271	819,810	9,894
Health Insurance Non Reverting	807	44,804	537	45,074
Forest Restoration	-	1,308	1,308	-
Hea 1001-2008 State Homestead Credit	273	-	-	273
County Option Income Tax	-	1,932,179	1,932,179	-
Loogootee Deferral	306	-	306	-
<b>Totals</b>	<b>\$ 5,252,050</b>	<b>\$ 23,046,137</b>	<b>\$ 22,780,333</b>	<b>\$ 5,517,854</b>

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

MARTIN 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, county economic development income tax, boat and trailer excise 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, local road and street distribution received from the state, financial institution tax received

MARTIN COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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.

MARTIN 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.

MARTIN COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

State statutes authorize the County to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the County authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

*Funding Policy and Annual Pension Cost*

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

MARTIN 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.

**Note 8. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of receipts not keeping pace with expenditures.

## 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.

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

	General	Local Statewide 911	Motor Vehicle Highway	Local Road and Street	Accident Report	Firearms Training	Health
Cash and investments - beginning	\$ 430,164	\$ -	\$ 912,751	\$ 149,558	\$ 3,461	\$ 23,914	\$ 30,796
Receipts:							
Taxes	2,379,833	-	-	-	-	-	36,439
Licenses and permits	-	-	-	-	-	4,000	-
Intergovernmental	37,240	-	963,939	99,544	-	-	686
Charges for services	110,176	56,532	191,418	-	196	-	5,868
Fines and forfeits	61,452	-	-	-	-	-	-
Other receipts	158,592	424,862	116,799	373	-	-	45
Total receipts	<u>2,747,293</u>	<u>481,394</u>	<u>1,272,156</u>	<u>99,917</u>	<u>196</u>	<u>4,000</u>	<u>43,038</u>
Disbursements:							
Personal services	1,857,867	26,646	568,578	-	-	-	7,933
Supplies	106,762	-	435,408	-	-	2,295	-
Other services and charges	799,229	11,611	85,878	-	949	-	34,493
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	31,134	6,293	23,250	77,005	-	-	-
Other disbursements	25,694	-	-	-	-	-	-
Total disbursements	<u>2,820,686</u>	<u>44,550</u>	<u>1,113,114</u>	<u>77,005</u>	<u>949</u>	<u>2,295</u>	<u>42,426</u>
Excess (deficiency) of receipts over disbursements	<u>(73,393)</u>	<u>436,844</u>	<u>159,042</u>	<u>22,912</u>	<u>(753)</u>	<u>1,705</u>	<u>612</u>
Cash and investments - ending	<u>\$ 356,771</u>	<u>\$ 436,844</u>	<u>\$ 1,071,793</u>	<u>\$ 172,470</u>	<u>\$ 2,708</u>	<u>\$ 25,619</u>	<u>\$ 31,408</u>

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

	Alcohol and Drug Program	Community Development Block Grant	Law Enforcement Continuing Education	Clerk Perpetuation	Emergency Telephone System	County Drug Free	Upper Boggs Creek
Cash and investments - beginning	\$ -	\$ 285	\$ 663	\$ 7,984	\$ 279,787	\$ 19,542	\$ 11,112
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	2,417	49,800	-	-
Fines and forfeits	12,660	-	1,388	-	-	4,673	-
Other receipts	-	-	-	-	195,687	-	-
Total receipts	<u>12,660</u>	<u>-</u>	<u>1,388</u>	<u>2,417</u>	<u>245,487</u>	<u>4,673</u>	<u>-</u>
Disbursements:							
Personal services	6,670	-	-	-	36,339	2,880	-
Supplies	-	-	-	-	12	-	-
Other services and charges	-	-	-	-	17,526	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	1,530	-	-	8,000	5,024	-	-
Other disbursements	-	-	780	-	466,373	10,045	7
Total disbursements	<u>8,200</u>	<u>-</u>	<u>780</u>	<u>8,000</u>	<u>525,274</u>	<u>12,925</u>	<u>7</u>
Excess (deficiency) of receipts over disbursements	<u>4,460</u>	<u>-</u>	<u>608</u>	<u>(5,583)</u>	<u>(279,787)</u>	<u>(8,252)</u>	<u>(7)</u>
Cash and investments - ending	<u>\$ 4,460</u>	<u>\$ 285</u>	<u>\$ 1,271</u>	<u>\$ 2,401</u>	<u>\$ -</u>	<u>\$ 11,290</u>	<u>\$ 11,105</u>

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

	Prosecutor IV-D	Recorder's Records Perpetuation	Health Maintenance	Plat Book	Supplemental Public Defender	Clerk IV-D	Surveyor's Corner Perpetuation
Cash and investments - beginning	\$ 8,631	\$ 31,335	\$ -	\$ 21,252	\$ 2,909	\$ 17,230	\$ 804
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	36,144	-	-	-	-
Charges for services	-	13,247	-	1,388	-	-	2,380
Fines and forfeits	-	-	-	-	-	4,434	-
Other receipts	-	-	-	-	23,515	-	-
Total receipts	-	13,247	36,144	1,388	23,515	4,434	2,380
Disbursements:							
Personal services	-	-	-	-	14,865	-	-
Supplies	-	4,280	-	-	-	-	403
Other services and charges	-	-	32,672	-	-	-	2,151
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	1,176	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	4,280	32,672	-	14,865	1,176	2,554
Excess (deficiency) of receipts over disbursements	-	8,967	3,472	1,388	8,650	3,258	(174)
Cash and investments - ending	\$ 8,631	\$ 40,302	\$ 3,472	\$ 22,640	\$ 11,559	\$ 20,488	\$ 630

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

	Jury Fees	Rainy Day	County Sales Disclosure Fees	Community Corrections	Gal/Casa	Sheriff Sales - Administrative	Wireless Emergency Phone System
Cash and investments - beginning	\$ 17,927	\$ 84,032	\$ 9,546	\$ -	\$ 8,812	\$ 750	\$ 130,509
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	59,823	-	-	-
Charges for services	-	-	1,150	-	-	-	-
Fines and forfeits	920	-	-	-	1,144	-	-
Other receipts	-	-	-	-	-	2,250	31,237
Total receipts	920	-	1,150	59,823	1,144	2,250	31,237
Disbursements:							
Personal services	-	24,680	-	44,061	1,061	-	7,571
Supplies	-	884	-	2,201	-	-	-
Other services and charges	1,654	1,794	-	4,656	-	1,600	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	10,000	-	-	-	-
Other disbursements	-	-	-	-	6,500	-	154,175
Total disbursements	1,654	27,358	10,000	50,918	7,561	1,600	161,746
Excess (deficiency) of receipts over disbursements	(734)	(27,358)	(8,850)	8,905	(6,417)	650	(130,509)
Cash and investments - ending	\$ 17,193	\$ 56,674	\$ 696	\$ 8,905	\$ 2,395	\$ 1,400	\$ -

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

	Prosecutor IV-D Incentive	Drug Buy Money	Casa Grant	County Elected Officials Training	Cumulative Capital Development	Cumulative Bridge	County Economic Development Income Tax
Cash and investments - beginning	\$ 12,476	\$ 6	\$ -	\$ 352	\$ 158,584	\$ 320,537	\$ 445,968
Receipts:							
Taxes	-	-	8,713	-	59,760	112,962	287,257
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	1,124	2,124	-
Charges for services	9,122	-	-	967	-	38,222	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	8,000	-	29	720	-
Total receipts	<u>9,122</u>	<u>-</u>	<u>16,713</u>	<u>967</u>	<u>60,913</u>	<u>154,028</u>	<u>287,257</u>
Disbursements:							
Personal services	-	-	7,000	-	-	-	180,534
Supplies	-	-	-	-	-	31,451	-
Other services and charges	-	-	-	-	127,181	37,375	124,457
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	88,788	11,365
Other disbursements	225	-	-	-	-	-	-
Total disbursements	<u>225</u>	<u>-</u>	<u>7,000</u>	<u>-</u>	<u>127,181</u>	<u>157,614</u>	<u>316,356</u>
Excess (deficiency) of receipts over disbursements	<u>8,897</u>	<u>-</u>	<u>9,713</u>	<u>967</u>	<u>(66,268)</u>	<u>(3,586)</u>	<u>(29,099)</u>
Cash and investments - ending	<u>\$ 21,373</u>	<u>\$ 6</u>	<u>\$ 9,713</u>	<u>\$ 1,319</u>	<u>\$ 92,316</u>	<u>\$ 316,951</u>	<u>\$ 416,869</u>

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

	Congressional School - Investment	City and Town Court Cost	Congressional School Interest	Clerk of Circuit Court	Surplus Tax Sale	Tax Sale Redemption	Surplus Tax
Cash and investments - beginning	\$ 12,957	\$ 182	\$ 3,279	\$ 249,885	\$ 27,950	\$ 1,075	\$ 13,036
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	2,333	-	757,966	-	-	-
Other receipts	-	-	-	-	10,699	6,356	16,399
Total receipts	-	2,333	-	757,966	10,699	6,356	16,399
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	1,368	259	793,441	116	5,280	18,425
Total disbursements	-	1,368	259	793,441	116	5,280	18,425
Excess (deficiency) of receipts over disbursements	-	965	(259)	(35,475)	10,583	1,076	(2,026)
Cash and investments - ending	\$ 12,957	\$ 1,147	\$ 3,020	\$ 214,410	\$ 38,533	\$ 2,151	\$ 11,010

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

	Fines and Forfeitures	State Disclosure Fees	Overweight Vehicles	Medical Co-Payments	Infraction Judgment	Inheritance Tax	Sheriff Inmate Trust
Cash and investments - beginning	\$ 795	\$ 90	\$ 125	\$ 10,142	\$ 879	\$ 2,592	\$ 1,077
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	59,603	-
Charges for services	-	1,150	-	853	-	-	-
Fines and forfeits	732	-	4	-	6,307	-	-
Other receipts	-	-	-	-	-	-	40,589
Total receipts	<u>732</u>	<u>1,150</u>	<u>4</u>	<u>853</u>	<u>6,307</u>	<u>59,603</u>	<u>40,589</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	769	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	1,251	1,150	129	-	5,916	46,232	40,643
Total disbursements	<u>1,251</u>	<u>1,150</u>	<u>129</u>	<u>769</u>	<u>5,916</u>	<u>46,232</u>	<u>40,643</u>
Excess (deficiency) of receipts over disbursements	<u>(519)</u>	<u>-</u>	<u>(125)</u>	<u>84</u>	<u>391</u>	<u>13,371</u>	<u>(54)</u>
Cash and investments - ending	<u>\$ 276</u>	<u>\$ 90</u>	<u>\$ -</u>	<u>\$ 10,226</u>	<u>\$ 1,270</u>	<u>\$ 15,963</u>	<u>\$ 1,023</u>

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

	Special Death Benefits	Education Plate	Financial Institution Tax	Mortgage Fee	Child Restraint System Fees	Commercial Vehicle Excise Tax	Homestead Credit Rebate 2007
Cash and investments - beginning	\$ 75	\$ 19	\$ -	\$ 88	\$ -	\$ -	\$ 970
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	20,585	-	-	86,932	-
Charges for services	615	-	-	1,143	-	-	-
Fines and forfeits	-	-	-	-	175	-	-
Other receipts	-	263	-	-	-	-	-
Total receipts	615	263	20,585	1,143	175	86,932	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	660	293	20,585	1,128	175	86,932	-
Total disbursements	660	293	20,585	1,128	175	86,932	-
Excess (deficiency) of receipts over disbursements	(45)	(30)	-	15	-	-	-
Cash and investments - ending	\$ 30	\$ (11)	\$ -	\$ 103	\$ -	\$ -	\$ 970

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

	LOIT Homestead Credit	Public Safety LOIT	County Prosecutor	Township School Library Taxes	Prosecutor IV-D Incentive General	Sewer Lien	Sheriff Commissary
Cash and investments - beginning	\$ -	\$ -	\$ 1,470	\$ -	\$ 35,928	\$ 503	\$ 12,074
Receipts:							
Taxes	244,940	-	-	3,641,849	-	1,996	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	377,498	-	-	-	-	-
Charges for services	-	-	18,302	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	50,366	-	42,141
Total receipts	<u>244,940</u>	<u>377,498</u>	<u>18,302</u>	<u>3,641,849</u>	<u>50,366</u>	<u>1,996</u>	<u>42,141</u>
Disbursements:							
Personal services	-	-	-	-	55,274	-	-
Supplies	-	-	-	-	1,719	-	-
Other services and charges	-	-	-	-	8,914	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	194,582	62,021	16,881	3,633,255	10,758	2,372	31,915
Total disbursements	<u>194,582</u>	<u>62,021</u>	<u>16,881</u>	<u>3,633,255</u>	<u>76,665</u>	<u>2,372</u>	<u>31,915</u>
Excess (deficiency) of receipts over disbursements	<u>50,358</u>	<u>315,477</u>	<u>1,421</u>	<u>8,594</u>	<u>(26,299)</u>	<u>(376)</u>	<u>10,226</u>
Cash and investments - ending	<u>\$ 50,358</u>	<u>\$ 315,477</u>	<u>\$ 2,891</u>	<u>\$ 8,594</u>	<u>\$ 9,629</u>	<u>\$ 127</u>	<u>\$ 22,300</u>

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

	County Treasurer	Hoosier Safety	Delinquent Tax-State Share	Public Base Grant II	Polling Place Accessibility Grant	Debris Removal Grant	PCA Fee Payment
Cash and investments - beginning	\$ 317,383	\$ 160	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	10,000	294,487	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	2,778
Other receipts	<u>6,598,375</u>	<u>-</u>	<u>82</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total receipts	<u>6,598,375</u>	<u>-</u>	<u>82</u>	<u>-</u>	<u>10,000</u>	<u>294,487</u>	<u>2,778</u>
Disbursements:							
Personal services	-	-	-	8,517	-	-	-
Supplies	-	-	-	464	-	-	-
Other services and charges	-	-	-	334	10,000	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	<u>6,776,962</u>	<u>-</u>	<u>82</u>	<u>-</u>	<u>-</u>	<u>294,487</u>	<u>2,259</u>
Total disbursements	<u>6,776,962</u>	<u>-</u>	<u>82</u>	<u>9,315</u>	<u>10,000</u>	<u>294,487</u>	<u>2,259</u>
Excess (deficiency) of receipts over disbursements	<u>(178,587)</u>	<u>-</u>	<u>-</u>	<u>(9,315)</u>	<u>-</u>	<u>-</u>	<u>519</u>
Cash and investments - ending	<u>\$ 138,796</u>	<u>\$ 160</u>	<u>\$ -</u>	<u>\$ (9,315)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 519</u>

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

	Title IV-D Incentive	County Sheriff	Public Health Base Grant	Immunization Grant	Fire Truck Grant	Family Court Project	Service Charge Fee
Cash and investments - beginning	\$ -	\$ 505	\$ (2,948)	\$ 1	\$ 9	\$ 14,010	\$ 3,036
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	2,948	-	-	15,000	-
Charges for services	1,699	-	-	-	-	-	932
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	10,758	57,964	8,761	-	-	-	-
Total receipts	12,457	57,964	11,709	-	-	15,000	932
Disbursements:							
Personal services	-	-	-	-	-	750	-
Supplies	-	-	-	-	-	1,546	106
Other services and charges	-	-	-	-	-	-	920
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	58,469	8,761	-	-	-	-
Total disbursements	-	58,469	8,761	-	-	2,296	1,026
Excess (deficiency) of receipts over disbursements	12,457	(505)	2,948	-	-	12,704	(94)
Cash and investments - ending	\$ 12,457	\$ -	\$ -	\$ 1	\$ 9	\$ 26,714	\$ 2,942

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

	Reassessment 2010	Probation User Fee	Community Corrections #18	Solid Waste #58	Bio-Terrorism Grant	Community Transition Program 2	Community Transition Program 1
Cash and investments - beginning	\$ 521,836	\$ 85,833	\$ (1,376)	\$ -	\$ 2,098	\$ 2,138	\$ 2,137
Receipts:							
Taxes	-	-	-	101,301	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	6,410	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	26,146	-	-	-	-	-
Other receipts	-	-	-	-	-	870	-
Total receipts	-	26,146	6,410	101,301	-	870	-
Disbursements:							
Personal services	34,259	1,339	1,584	-	-	-	-
Supplies	3,026	2,424	763	-	-	-	-
Other services and charges	142,847	9,262	2,502	-	-	3,001	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	13,166	3,162	-	-	-	-	-
Other disbursements	667	-	-	101,301	-	-	-
Total disbursements	193,965	16,187	4,849	101,301	-	3,001	-
Excess (deficiency) of receipts over disbursements	(193,965)	9,959	1,561	-	-	(2,131)	-
Cash and investments - ending	\$ 327,871	\$ 95,792	\$ 185	\$ -	\$ 2,098	\$ 7	\$ 2,137

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

	Pandemic Assessment	Victim Assistance 05VA093	Arson	Non-Reverting Voting	County Law Enforcement/ Sheriff	Excise-State Welfare	Riverboat Wagering Tax Revenue
Cash and investments - beginning	\$ 1,482	\$ 14,567	\$ 297	\$ 36,725	\$ 355	\$ -	\$ 9,460
Receipts:							
Taxes	-	-	-	-	-	463,606	61,218
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	9,290	-	-	2,000	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	9,290	-	-	2,000	463,606	61,218
Disbursements:							
Personal services	-	-	-	-	-	-	35,128
Supplies	-	500	-	-	-	-	430
Other services and charges	-	475	-	8,000	-	-	5,710
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	2,000	-	-
Other disbursements	-	-	-	-	-	463,606	21,865
Total disbursements	-	975	-	8,000	2,000	463,606	63,133
Excess (deficiency) of receipts over disbursements	-	8,315	-	(8,000)	-	-	(1,915)
Cash and investments - ending	\$ 1,482	\$ 22,882	\$ 297	\$ 28,725	\$ 355	\$ -	\$ 7,545

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

	Project Income Grant 2	County Corrections	Tobacco Grant-Local Health Department	Coroner Education	County Law Enforcement	Operation Pullover	Alternative Dispute Resolution Fee
Cash and investments - beginning	\$ 46,807	\$ 29,667	\$ 16,787	\$ 84	\$ 2,716	\$ 185	\$ 3,012
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	7,557	9,843	-	-	695	-
Charges for services	-	-	-	630	-	-	-
Fines and forfeits	60,832	-	-	-	-	-	1,380
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>60,832</u>	<u>7,557</u>	<u>9,843</u>	<u>630</u>	<u>-</u>	<u>695</u>	<u>1,380</u>
Disbursements:							
Personal services	266	13,448	-	-	-	880	-
Supplies	214	158	-	-	-	-	-
Other services and charges	-	2,540	-	-	-	-	3,524
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	1,044	-	-	-	-	-	-
Other disbursements	40,492	-	14,240	695	-	-	-
Total disbursements	<u>42,016</u>	<u>16,146</u>	<u>14,240</u>	<u>695</u>	<u>-</u>	<u>880</u>	<u>3,524</u>
Excess (deficiency) of receipts over disbursements	<u>18,816</u>	<u>(8,589)</u>	<u>(4,397)</u>	<u>(65)</u>	<u>-</u>	<u>(185)</u>	<u>(2,144)</u>
Cash and investments - ending	<u>\$ 65,623</u>	<u>\$ 21,078</u>	<u>\$ 12,390</u>	<u>\$ 19</u>	<u>\$ 2,716</u>	<u>\$ -</u>	<u>\$ 868</u>

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

	Probation Adult Administration	Probation Juvenile Administration	Probation User Fees-Juvenile	Westgate Capital	Project Income Grant 1	Reassessment 2017
Cash and investments - beginning	\$ 54,856	\$ 3,835	\$ 11,719	\$ 43,926	\$ -	\$ 234,883
Receipts:						
Taxes	-	-	-	6,869	-	226,288
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	4,258
Charges for services	-	-	-	47,492	-	-
Fines and forfeits	5,195	410	2,160	-	30,835	-
Other receipts	-	-	-	797	-	331
Total receipts	<u>5,195</u>	<u>410</u>	<u>2,160</u>	<u>55,158</u>	<u>30,835</u>	<u>230,877</u>
Disbursements:						
Personal services	-	-	-	1,200	13,245	-
Supplies	-	-	-	-	388	-
Other services and charges	-	-	140	17,415	13,331	-
Debt service - principal and interest	-	-	-	42,242	-	-
Capital outlay	-	-	-	-	170	-
Other disbursements	-	-	-	-	398	-
Total disbursements	<u>-</u>	<u>-</u>	<u>140</u>	<u>60,857</u>	<u>27,532</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>5,195</u>	<u>410</u>	<u>2,020</u>	<u>(5,699)</u>	<u>3,303</u>	<u>230,877</u>
Cash and investments - ending	<u>\$ 60,051</u>	<u>\$ 4,245</u>	<u>\$ 13,739</u>	<u>\$ 38,227</u>	<u>\$ 3,303</u>	<u>\$ 465,760</u>

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

	Local Emergency Planning	State Grant 20 Firestation	State Grant 21 LEDC Regional Partnership	County User Fees-Prosecutor	City and Town Taxes	Hava Grant
Cash and investments - beginning	\$ 13,129	\$ 582	\$ 11,698	\$ 33,713	\$ -	\$ 10
Receipts:						
Taxes	-	-	-	-	679,245	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	17,940	-	-
Other receipts	-	-	-	-	-	-
Total receipts	-	-	-	17,940	679,245	-
Disbursements:						
Personal services	-	-	-	27,498	-	-
Supplies	-	-	-	3,806	-	-
Other services and charges	-	-	-	25,225	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	-	12	687,839	-
Total disbursements	-	-	-	56,541	687,839	-
Excess (deficiency) of receipts over disbursements	-	-	-	(38,601)	(8,594)	-
Cash and investments - ending	\$ 13,129	\$ 582	\$ 11,698	\$ (4,888)	\$ (8,594)	\$ 10

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

	Westgate Principal and Interest	Cumulative Voting System	Cumulative Sinking	Economic Development Income Tax	County Identification Social Security Protection	Payroll Withholdings
Cash and investments - beginning	\$ 100,680	\$ 57,368	\$ 13,753	\$ -	\$ 4,245	\$ 42,433
Receipts:						
Taxes	62,150	52,837	-	375,026	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	994	-	-	-	-
Charges for services	-	-	-	-	967	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	172	-	-	-	-	787,271
Total receipts	<u>62,322</u>	<u>53,831</u>	<u>-</u>	<u>375,026</u>	<u>967</u>	<u>787,271</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	11,000	-	-	-	-
Debt service - principal and interest	45,669	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	40,000	-	-	375,026	-	819,810
Total disbursements	<u>85,669</u>	<u>11,000</u>	<u>-</u>	<u>375,026</u>	<u>-</u>	<u>819,810</u>
Excess (deficiency) of receipts over disbursements	<u>(23,347)</u>	<u>42,831</u>	<u>-</u>	<u>-</u>	<u>967</u>	<u>(32,539)</u>
Cash and investments - ending	<u>\$ 77,333</u>	<u>\$ 100,199</u>	<u>\$ 13,753</u>	<u>\$ -</u>	<u>\$ 5,212</u>	<u>\$ 9,894</u>

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

	Health Insurance Non Reverting	Forest Restoration	Hea 1001-2008 State Homestead Credit	County Option Income Tax	Loogootee Deferral	Totals
Cash and investments - beginning	\$ 807	\$ -	\$ 273	\$ -	\$ 306	\$ 5,252,050
Receipts:						
Taxes	-	-	-	1,714,897	-	10,517,186
Licenses and permits	-	-	-	-	-	4,000
Intergovernmental	-	-	-	217,282	-	2,326,006
Charges for services	-	-	-	-	-	556,666
Fines and forfeits	-	-	-	-	-	1,001,864
Other receipts	44,804	1,308	-	-	-	8,640,415
Total receipts	44,804	1,308	-	1,932,179	-	23,046,137
Disbursements:						
Personal services	537	-	-	-	-	2,980,610
Supplies	-	-	-	-	-	599,240
Other services and charges	-	-	-	-	-	1,549,135
Debt service - principal and interest	-	-	-	-	-	87,911
Capital outlay	-	-	-	-	-	283,107
Other disbursements	-	1,308	-	1,932,179	306	17,280,330
Total disbursements	537	1,308	-	1,932,179	306	22,780,333
Excess (deficiency) of receipts over disbursements	44,267	-	-	-	(306)	265,804
Cash and investments - ending	\$ 45,074	\$ -	\$ 273	\$ -	\$ -	\$ 5,517,854

MARTIN COUNTY  
SCHEDULE OF PAYABLES AND RECEIVABLES  
December 31, 2012

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 215,418</u>	<u>\$ -</u>

MARTIN 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:			
General obligation bonds	REDEVELOPMENT COMMISSION START UP	\$ 91,486	\$ 45,838
Notes and loans payable	REDEVELOPMENT PURCHASE OF SWIFT BLDG	82,522	42,240
Notes and loans payable	2012 DODGE RAM-SHERIFF	14,701	7,559
Notes and loans payable	HIGHWAY DEPT TO REPAIR BUTLER BRIDGE	-	-
Notes and loans payable	REPAIR CALE BRIDGE	75,916	37,958
Notes and loans payable	HIGHWAY-TRACTOR/MOWER	<u>112,020</u>	<u>37,340</u>
Total governmental activities		<u>376,645</u>	<u>170,935</u>
Totals		<u>\$ 376,645</u>	<u>\$ 170,935</u>

MARTIN 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	\$ 34,500
Infrastructure	1,499,779
Buildings	4,468,652
Improvements other than buildings	4,468,652
Machinery, equipment, and vehicles	4,004,402
Total governmental activities	14,475,985
Total capital assets	\$ 14,475,985

MARTIN 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



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

TO: THE OFFICIALS OF MARTIN COUNTY, INDIANA

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

We have audited Martin 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 its major federal program for the year ended December 31, 2012. The County's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***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 the County's major federal program 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 its major federal program for the year ended December 31, 2012.

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

***Report on Internal Control Over Compliance***

Management of the County is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

August 7, 2013

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Housing and Urban Development</u>				
CDBG - State-Administered CDBG Cluster Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii Debris Removal	Indiana OCRA	14.228	DR2-09-212	\$ 294,487
Total - Department of Housing and Urban Development				<u>294,487</u>
<u>Department of Justice</u>				
Crime Victim Assistance	Indiana Criminal Justice Institute	16.575	11VAPR156	6,756
Victim Assistance		16.575	1758	2,137
Victim Assistance				<u>2,137</u>
Total - Department of Justice				<u>8,893</u>
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster Highway Planning and Construction Bridge Inspection and Re-inspection	Indiana Department of Transportation	20.205	Des. No. 0900014	<u>38,222</u>
Total - Highway Planning and Construction Cluster				<u>38,222</u>
Highway Safety Cluster Safety Belt Performance Grants Operation Pullover	Indiana Criminal Justice Institute	20.609	OP-12-04-02-71	<u>880</u>
Total - Highway Safety Cluster				<u>880</u>
Total - Department of Transportation				<u>39,102</u>
<u>Department of Health and Human Services</u>				
Public Health Emergency Preparedness	Indiana State Department of Health	93.069	BPRS 150-70	<u>8,533</u>
Centers for Disease Control and Prevention - Investigations and Technical Assistance	Indiana State Department of Health	93.283	BPRS 150-70	<u>2,314</u>
Child Support Enforcement	Indiana State Department of Child Services			
Clerk of the Circuit Court Expenditures		93.563	FY 2012	42,346
County Prosecutor Expenditures		93.563	FY 2012	43,488
Clerk's IV-D Incentive		93.563	FY 2012	1,176
Prosecutor's IV-D Incentive		93.563	FY 2012	75
County IV-D Incentive		93.563	FY 2012	65,922
Indirect Cost		93.563	FY 2012	<u>19,328</u>
Total - Child Support Enforcement				<u>172,335</u>
Voting Access for Individuals with Disabilities - Grants to States	Indiana Secretary of State	93.617	FY 2012	<u>10,000</u>
Total - Department of Health and Human Services				<u>193,182</u>
<u>Department of Homeland Security</u>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters) Disaster Grants	Indiana Department of Homeland Security	97.036	FY 2012	<u>11,420</u>
Emergency Management Performance Grants	Indiana Department of Homeland Security	97.042	FY 2012	<u>600</u>
Total - Department of Homeland Security				<u>12,020</u>
Total federal awards expended				<u>\$ 547,684</u>

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

MARTIN 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 the Martin 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.

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

Identification of Major Program:

\_\_\_\_\_ Name of Federal Program or Cluster \_\_\_\_\_

CDBG – State-Administered CDBG Cluster

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

Auditee qualified as low-risk auditee? no

**Section II – Financial Statement Findings**

**FINDING 2012-1 – INTERNAL CONTROL OVER THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)**

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: Numerous grants and their amounts expended were not included in the listing, as well as, numerous grants with amounts expended that were included that were not federal grants. Federal grantor agency, cluster title (if applicable), program title, project title, pass-through entity, federal CFDA number, and identifying number were missing from most of the federal

MARTIN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

grants. Audit adjustments were proposed, accepted by the County, and made to the SEFA presented in the report. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statement.

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

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

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 in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide 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 subrecipients 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."

MARTIN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

No matters are reportable.

Martin County

Corrective Action Plan

**Finding Number: 2012-1**

In response to Finding 2012-1 regarding the Schedule of Expenditures of Federal Awards, my plan of action is the following:

1. A grant committee consisting of the Auditor and a Deputy Auditor will meet quarterly to create a spreadsheet. This spreadsheet will include all federal grants, money's received and expenditures, agency, program title, project title, pass-through entity, federal CFDA number and identifying number.

This spreadsheet will improve accuracy of the information needed for SEFA.

January Roush, Auditor

MARTIN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 7, 2013, with January Roush, Auditor; Paul R. George, President of the Board of County Commissioners; and C. Richard Summers, President of the County Council. The officials concurred with our audit finding.