

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

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



FILED
09/20/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Colleen Chambers Brenda Hardy	01-01-09 to 12-31-12 01-01-13 to 12-31-16
Treasurer	Susan A. Coffing Colleen Chambers	01-01-09 to 12-31-12 01-01-13 to 12-31-16
Clerk	Patricia Gritten	01-01-11 to 12-31-14
Sheriff	William Sanders	01-01-11 to 12-31-14
Recorder	Wanda Taylor	01-01-11 to 12-31-14
President of the Board of County Commissioners	Walter R. Wilson Terry Ellingwood	01-01-12 to 12-31-12 01-01-13 to 12-31-13
President of the County Council	Richard L. Klage	01-01-12 to 12-31-13



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF FOUNTAIN COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of Fountain 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 13, 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, and Schedule of Leases and Debt, 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 13, 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 FOUNTAIN 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 Fountain 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 13, 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

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)

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 2012-2.

Fountain 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

August 13, 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.

FOUNTAIN 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	\$ 4,096,606	\$ 5,927,582	\$ 5,822,958	\$ 4,201,230
Statewide 911 Fund	-	340,816	107,114	233,702
Highway	485,198	2,045,145	2,037,318	493,025
Local Road & Street	80,260	167,301	188,982	58,579
Accident Report	1,560	1,163	421	2,302
Firearms Training	3,866	18,695	4,431	18,130
Health	343,156	315,503	260,940	397,719
County Alcohol & Drug	49,086	33,709	30,244	52,551
Clerk's Records Perpetuation	31,404	10,031	19,552	21,883
Co Share Riverboat Revenue	-	102,128	102,128	-
E-911	26,345	39,006	65,350	1
Co Drug Free Community	20,190	17,332	23,516	14,006
Drainage Maintenance	256,447	9,534	812	265,169
Emerg Planning/Right-Know Lepc	25,754	4,108	1,961	27,901
Prosecutor Title IV-D	31,651	11,317	10,197	32,771
County Extradition	558	-	-	558
Adult Probation Services	46,699	44,586	38,803	52,482
Recorder's Records Perpetuation	32,006	27,101	40,026	19,081
Local Health Maintenance	43,563	68,199	53,826	57,936
Pretrial Diversion	3,350	2,754	1,261	4,843
Guardian Ad Lit User	11,982	-	-	11,982
Plat Book	4,887	2,115	2,972	4,030
County Misdemeanant	22,599	12,732	11,321	24,010
Clerk Title IV-D After Oct 1999	38,053	7,523	1,950	43,626
Surveyor's Corner Perpetuation	48,234	4,075	-	52,309
Jury Fees	8,641	2,414	1,763	9,292
Rainy Day	1,139,331	499	134,464	1,005,366
Sales Disclosure	310	4,175	4,095	390
K-9 Project	15,445	3,685	18,210	920
Community Corrections	447,070	508,802	640,791	315,081
Levy Excess	499	64,266	499	64,266
Co Id Security Protection Fund	8,541	1,516	7,540	2,517
E-911 Wireless Fund	209,437	35,569	245,006	-
Sex Offender Fee - Co Share	972	1,431	1,320	1,083
Capta Grant - Casa Program	5,519	13,680	-	19,199
Reassessment 2015	128,205	184,045	62,828	249,422
Prosecutor's Arra Fund	6,764	-	4,660	2,104
County Elected Officials Training	663	1,516	-	2,179
Cum Capital Development (Ccd)	489,600	225,553	582,634	132,519
Cumulative Bridge	522,228	470,302	618,860	373,670
Drainage Improvement	250,754	879	-	251,633
Comm Foundation Grt - EMS Bldg	-	69,625	68,457	1,168
Congressional School Principal	26,687	-	-	26,687
City/Town Court Costs	139,722	4,345	-	144,067
Congressional School Interest	23,512	82	1,053	22,541
Clerk Trust	482,271	981,641	1,328,864	135,048
Surplus Tax Sale	23,208	47,565	26,050	44,723
Tax Sale Redemption	-	7,612	3,246	4,366
Excess Tax	27,055	8,464	33,923	1,596
Fines & Forfeitures	1,815	7,700	9,082	433
Forest Withdraw	515	-	-	515
Overweight Vehicle Fines	-	1	-	1
Infraction Judgements	205	32,766	31,836	1,135
Inheritance Tax	470,900	808,098	1,237,160	41,838
Sheriff's Inmate Trust	1,803	39,534	39,792	1,545
Special Death Benefit Fee	10	1,135	1,080	65
Education License Plate	-	169	169	-
Cagit Dist Fund	-	728,504	728,504	-
Option Tax - Ptr	-	825,943	825,943	-
Financial Institution Tax (Fit)	-	81,015	81,015	-

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

FOUNTAIN 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
Wheel Tax	-	48,580	48,580	-
Surtax Fund	-	412,000	412,000	-
Mortgage Fee Fund	133	1,723	1,713	143
CHild Restraint System	-	25	25	-
Cvet Distribution	-	59,551	59,551	-
Riverboat Revenue	230,099	44,803	63,465	211,437
Sex Offender Fee Fund - State	150	1,440	1,590	-
Tax Distribution	-	12,994,548	12,994,548	-
Commissioner Sale Fund	7,529	61,112	32,081	36,560
Local Health Maintenance Fund	112,764	28,260	27,766	113,258
EMS Building Grant IOCRA	-	316,935	316,935	-
EMS BLDG DONATION FUND	-	2,000	-	2,000
Law Enforcement Equipment	-	3,285	3,285	-
USDA Grant - EMS Furnishings	-	64,438	63,222	1,216
Data Exchange Agreement	-	2,000	1,500	500
EMA Performance Gran	-	3,622	3,622	-
Sheriff's Commissary Fund	11,806	34,960	30,507	16,259
Service Process	4,408	6,300	4,408	6,300
Community Corrections 07/08	26,602	339,719	366,320	1
Sheriff's Continuing Education	20,898	-	6,596	14,302
Non-Revert Prisoner Reimbursement	55,382	3,266	-	58,648
Covered Bridge Maintenance	8,841	5,550	7,225	7,166
Infraction Deferral	53,293	29,177	34,429	48,041
Cumulative Reassessment	91,881	-	53,683	38,198
Coroner's Training - Cont Educ	200	1,244	1,288	156
Cedit Homestead Credit Fund	4,375	334,136	262,992	75,519
Public Defense Admin Fee	41,097	4,338	-	45,435
County Sales Disclosure Fund	20,406	1,133	10,100	11,439
Administration Fee Prob Users	5,142	8,645	11,970	1,817
Farm Maintenance	398,360	31,438	1,109	428,689
Co General Maintenance	320,369	1,114	-	321,483
Marijuana Eradication	4,500	-	-	4,500
Community Correction Local Approp	1,207	500	361	1,346
Community Transition	65	45,170	40,234	5,001
Court Administration Fee	51,828	4,424	-	56,252
Dna Sample Processing	15,829	850	-	16,679
Community Corrections 08-09	100	436,861	369,742	67,219
Public Health Bioterrorism Prep	2,380	-	-	2,380
Sheriff's Dive Team Fund	54	-	-	54
Every 15 Minutes	253	-	-	253
Mural Restoration	327	-	-	327
Co General Incentive Fund	14,132	7,523	603	21,052
E-911 Bond Sinking Fund	-	79,865	79,865	-
County User Fee Fund	17,656	2,747	1,065	19,338
State Hsc Fund (Hea 100)	(827)	-	-	(827)
Treasurer	283,151	2,367,775	2,364,548	286,378
Money Services Health	58,139	1,667,384	1,720,000	5,523
Boston Mutual	642	8,264	8,954	(48)
American Family Life	1,833	29,925	30,330	1,428
Prudential Insurance	54	808	808	54
Prepaid Legal Services	26	207	207	26
Option Tax Certified	-	1,871,813	1,871,812	1
Colonial Insurance	2,354	34,286	36,904	(264)
Vision Insurance	297	5,946	6,322	(79)
Key Life Insurance	317	1,120	1,269	168
Principal Insurance	1,940	23,494	24,179	1,255
Liberty National #2	497	3,972	4,317	152
Community Correction Agency	50	-	-	50
Totals	<u>\$ 12,005,675</u>	<u>\$ 35,813,262</u>	<u>\$ 36,946,957</u>	<u>\$ 10,871,980</u>

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

FOUNTAIN 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,

FOUNTAIN 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 includes 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 includes 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.

FOUNTAIN 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.

FOUNTAIN 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. 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.

B. 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.

FOUNTAIN COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy

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

The County also contributes to an additional pension plan unique to the County. Information regarding this plan may be obtained from the County.

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 the result of an overpayment in one fund in a prior period and the under-withholding of insurance premiums.

Note 9. 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
Highway	\$ 512,028	\$ (26,830)	\$ 485,198
Cumulative Bridge	495,398	26,830	522,228
Rainy Day	1,133,360	5,971	1,139,331
Sheriff's Equipment Grant ICJI	59	(59)	-
Operation Pullover	2,208	(2,208)	-
Federal Law Enforcement Distr	67	(67)	-
AFDC Local Plan County	385	(385)	-
Cert Training Grant \$	2,139	(2,139)	-
Dare Donations	275	(275)	-
Public Health Coordinator	65	(65)	-
H1N1 Grant	124	(124)	-
Family & Children (Child Serv)	33	(33)	-
Fountain County Mentoring	311	(311)	-
Bid Bond	283	(283)	-
Law Enforcement Equipment	15	(15)	-
General	4,097,026	(420)	4,096,606

FOUNTAIN COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 10. Combined Funds

Funds related to the Local Health Maintenance Fund and Tobacco Settlement were reported individually in the prior financial statement but were combined into Local Health Maintenance Fund for the current financial statement.

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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.

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

	General	Statewide 911 Fund	Highway	Local Road & Street	Accident Report	Firearms Training	Health
Cash and investments - beginning	\$ 4,096,606	\$ -	\$ 485,198	\$ 80,260	\$ 1,560	\$ 3,866	\$ 343,156
Receipts:							
Taxes	4,452,448	-	372,911	-	-	-	195,905
Licenses and permits	-	-	-	-	-	-	10,159
Intergovernmental	134,639	-	1,606,609	157,605	-	-	18,232
Charges for services	778,584	-	-	-	-	-	86,482
Fines and forfeits	248,502	-	-	-	-	-	-
Other receipts	313,409	340,816	65,625	9,696	1,163	18,695	4,725
Total receipts	<u>5,927,582</u>	<u>340,816</u>	<u>2,045,145</u>	<u>167,301</u>	<u>1,163</u>	<u>18,695</u>	<u>315,503</u>
Disbursements:							
Personal services	3,041,971	-	709,088	-	-	-	205,125
Supplies	347,348	-	672,223	178,270	-	-	1,741
Other services and charges	2,222,518	-	505,113	10,712	421	-	43,500
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	105,479	-	150,894	-	-	-	10,574
Other disbursements	105,642	107,114	-	-	-	4,431	-
Total disbursements	<u>5,822,958</u>	<u>107,114</u>	<u>2,037,318</u>	<u>188,982</u>	<u>421</u>	<u>4,431</u>	<u>260,940</u>
Excess (deficiency) of receipts over disbursements	<u>104,624</u>	<u>233,702</u>	<u>7,827</u>	<u>(21,681)</u>	<u>742</u>	<u>14,264</u>	<u>54,563</u>
Cash and investments - ending	<u>\$ 4,201,230</u>	<u>\$ 233,702</u>	<u>\$ 493,025</u>	<u>\$ 58,579</u>	<u>\$ 2,302</u>	<u>\$ 18,130</u>	<u>\$ 397,719</u>

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

	County Alcohol & Drug	Clerk's Records Perpetuation	Co Share Riverboat Revenue	E-911	Co Drug Free Community	Drainage Maintenance	Emerg Planning/Right-Know Lepc
Cash and investments - beginning	\$ 49,086	\$ 31,404	\$ -	\$ 26,345	\$ 20,190	\$ 256,447	\$ 25,754
Receipts:							
Taxes	-	-	-	-	-	9,534	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	38,969	-	-	-
Other receipts	33,709	10,031	102,128	37	17,332	-	4,108
Total receipts	33,709	10,031	102,128	39,006	17,332	9,534	4,108
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	81	-	-
Other services and charges	30,244	-	-	27,903	16,935	-	1,829
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	19,552	102,128	37,447	6,500	812	132
Total disbursements	30,244	19,552	102,128	65,350	23,516	812	1,961
Excess (deficiency) of receipts over disbursements	3,465	(9,521)	-	(26,344)	(6,184)	8,722	2,147
Cash and investments - ending	\$ 52,551	\$ 21,883	\$ -	\$ 1	\$ 14,006	\$ 265,169	\$ 27,901

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

	Prosecutor Title IV-D	County Extradition	Adult Probation Services	Recorder's Records Perpetuation	Local Health Maintenance	Pretrial Diversion	Guardian Ad Lit User
Cash and investments - beginning	\$ 31,651	\$ 558	\$ 46,699	\$ 32,006	\$ 43,563	\$ 3,350	\$ 11,982
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	11,317	-	44,586	27,101	68,199	2,754	-
Total receipts	11,317	-	44,586	27,101	68,199	2,754	-
Disbursements:							
Personal services	5,406	-	32,577	24	40,370	-	-
Supplies	-	-	1,101	-	2,675	-	-
Other services and charges	-	-	3,169	-	10,781	1,261	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	1,956	-	-	-	-
Other disbursements	4,791	-	-	40,002	-	-	-
Total disbursements	10,197	-	38,803	40,026	53,826	1,261	-
Excess (deficiency) of receipts over disbursements	1,120	-	5,783	(12,925)	14,373	1,493	-
Cash and investments - ending	\$ 32,771	\$ 558	\$ 52,482	\$ 19,081	\$ 57,936	\$ 4,843	\$ 11,982

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

	Plat Book	County Misdemeanant	Clerk Title IV-D After Oct 1999	Surveyor's Corner Perpetuation	Jury Fees	Rainy Day	Sales Disclosure
Cash and investments - beginning	\$ 4,887	\$ 22,599	\$ 38,053	\$ 48,234	\$ 8,641	\$ 1,139,331	\$ 310
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	7,523	-	-	-	-
Charges for services	-	-	-	-	-	-	4,175
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	2,115	12,732	-	4,075	2,414	499	-
Total receipts	<u>2,115</u>	<u>12,732</u>	<u>7,523</u>	<u>4,075</u>	<u>2,414</u>	<u>499</u>	<u>4,175</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	2,967	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	134,464	-
Other disbursements	5	11,321	1,950	-	1,763	-	4,095
Total disbursements	<u>2,972</u>	<u>11,321</u>	<u>1,950</u>	<u>-</u>	<u>1,763</u>	<u>134,464</u>	<u>4,095</u>
Excess (deficiency) of receipts over disbursements	<u>(857)</u>	<u>1,411</u>	<u>5,573</u>	<u>4,075</u>	<u>651</u>	<u>(133,965)</u>	<u>80</u>
Cash and investments - ending	<u>\$ 4,030</u>	<u>\$ 24,010</u>	<u>\$ 43,626</u>	<u>\$ 52,309</u>	<u>\$ 9,292</u>	<u>\$ 1,005,366</u>	<u>\$ 390</u>

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

	K-9 Project	Community Corrections	Levy Excess	Co Id Security Protection Fund	E-911 Wireless Fund	Sex Offender Fee - Co Share	Capta Grant - Casa Program
Cash and investments - beginning	\$ 15,445	\$ 447,070	\$ 499	\$ 8,541	\$ 209,437	\$ 972	\$ 5,519
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	35,569	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	3,685	508,802	64,266	1,516	-	1,431	13,680
Total receipts	<u>3,685</u>	<u>508,802</u>	<u>64,266</u>	<u>1,516</u>	<u>35,569</u>	<u>1,431</u>	<u>13,680</u>
Disbursements:							
Personal services	-	28,885	-	-	84,331	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	18,210	611,906	499	7,540	160,675	1,320	-
Total disbursements	<u>18,210</u>	<u>640,791</u>	<u>499</u>	<u>7,540</u>	<u>245,006</u>	<u>1,320</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(14,525)</u>	<u>(131,989)</u>	<u>63,767</u>	<u>(6,024)</u>	<u>(209,437)</u>	<u>111</u>	<u>13,680</u>
Cash and investments - ending	<u>\$ 920</u>	<u>\$ 315,081</u>	<u>\$ 64,266</u>	<u>\$ 2,517</u>	<u>\$ -</u>	<u>\$ 1,083</u>	<u>\$ 19,199</u>

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

	Reassessment 2015	Prosecutor's Arra Fund	County Elected Officials Training	Cum Capital Development (Ccd)	Cumulative Bridge	Drainage Improvement	Comm Foundation Grt - EMS Bldg
Cash and investments - beginning	\$ 128,205	\$ 6,764	\$ 663	\$ 489,600	\$ 522,228	\$ 250,754	\$ -
Receipts:							
Taxes	167,712	-	-	122,893	369,401	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	15,804	-	-	11,660	82,501	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	529	-	1,516	91,000	18,400	879	69,625
Total receipts	<u>184,045</u>	<u>-</u>	<u>1,516</u>	<u>225,553</u>	<u>470,302</u>	<u>879</u>	<u>69,625</u>
Disbursements:							
Personal services	-	-	-	-	124,118	-	-
Supplies	3,495	-	-	-	184,114	-	-
Other services and charges	59,333	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	582,634	310,628	-	-
Other disbursements	-	4,660	-	-	-	-	68,457
Total disbursements	<u>62,828</u>	<u>4,660</u>	<u>-</u>	<u>582,634</u>	<u>618,860</u>	<u>-</u>	<u>68,457</u>
Excess (deficiency) of receipts over disbursements	<u>121,217</u>	<u>(4,660)</u>	<u>1,516</u>	<u>(357,081)</u>	<u>(148,558)</u>	<u>879</u>	<u>1,168</u>
Cash and investments - ending	<u>\$ 249,422</u>	<u>\$ 2,104</u>	<u>\$ 2,179</u>	<u>\$ 132,519</u>	<u>\$ 373,670</u>	<u>\$ 251,633</u>	<u>\$ 1,168</u>

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

	Congressional School Principal	City/Town Court Costs	Congressional School Interest	Clerk Trust	Surplus Tax Sale	Tax Sale Redemption	Excess Tax
Cash and investments - beginning	\$ 26,687	\$ 139,722	\$ 23,512	\$ 482,271	\$ 23,208	\$ -	\$ 27,055
Receipts:							
Taxes	-	-	-	-	-	-	8,464
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	4,345	-	-	-	-	-
Other receipts	-	-	82	981,641	47,565	7,612	-
Total receipts	-	4,345	82	981,641	47,565	7,612	8,464
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	1,053	1,328,864	26,050	3,246	33,923
Total disbursements	-	-	1,053	1,328,864	26,050	3,246	33,923
Excess (deficiency) of receipts over disbursements	-	4,345	(971)	(347,223)	21,515	4,366	(25,459)
Cash and investments - ending	\$ 26,687	\$ 144,067	\$ 22,541	\$ 135,048	\$ 44,723	\$ 4,366	\$ 1,596

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

	Fines & Forfeitures	Forest Withdraw	Overweight Vehicle Fines	Infraction Judgements	Inheritance Tax	Sheriff's Inmate Trust	Special Death Benefit Fee
Cash and investments - beginning	\$ 1,815	\$ 515	\$ -	\$ 205	\$ 470,900	\$ 1,803	\$ 10
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	808,098	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	7,700	-	-	32,766	-	-	-
Other receipts	-	-	1	-	-	39,534	1,135
Total receipts	<u>7,700</u>	<u>-</u>	<u>1</u>	<u>32,766</u>	<u>808,098</u>	<u>39,534</u>	<u>1,135</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	9,082	-	-	31,836	1,237,160	39,792	1,080
Total disbursements	<u>9,082</u>	<u>-</u>	<u>-</u>	<u>31,836</u>	<u>1,237,160</u>	<u>39,792</u>	<u>1,080</u>
Excess (deficiency) of receipts over disbursements	<u>(1,382)</u>	<u>-</u>	<u>1</u>	<u>930</u>	<u>(429,062)</u>	<u>(258)</u>	<u>55</u>
Cash and investments - ending	<u>\$ 433</u>	<u>\$ 515</u>	<u>\$ 1</u>	<u>\$ 1,135</u>	<u>\$ 41,838</u>	<u>\$ 1,545</u>	<u>\$ 65</u>

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

	Education License Plate	Cagit Dist Fund	Option Tax - Ptr	Financial Institution Tax (Fit)	Wheel Tax	Surtax Fund	Mortgage Fee Fund
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 133
Receipts:							
Taxes	-	-	825,943	-	48,580	412,000	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	81,015	-	-	-
Charges for services	-	-	-	-	-	-	1,723
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	169	728,504	-	-	-	-	-
Total receipts	169	728,504	825,943	81,015	48,580	412,000	1,723
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	169	728,504	825,943	81,015	48,580	412,000	1,713
Total disbursements	169	728,504	825,943	81,015	48,580	412,000	1,713
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	10
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 143

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

	CHild Restraint System	Cvet Distribution	Riverboat Revenue	Sex Offender Fee Fund - State	Tax Distribution	Commissioner Sale Fund	Local Health Maintenance Fund
Cash and investments - beginning	\$ -	\$ -	\$ 230,099	\$ 150	\$ -	\$ 7,529	\$ 112,764
Receipts:							
Taxes	-	-	-	-	12,994,548	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	59,551	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	25	-	-	1,440	-	-	-
Other receipts	-	-	44,803	-	-	61,112	28,260
Total receipts	25	59,551	44,803	1,440	12,994,548	61,112	28,260
Disbursements:							
Personal services	-	-	-	-	-	-	15,621
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	12,145
Other disbursements	25	59,551	63,465	1,590	12,994,548	32,081	-
Total disbursements	25	59,551	63,465	1,590	12,994,548	32,081	27,766
Excess (deficiency) of receipts over disbursements	-	-	(18,662)	(150)	-	29,031	494
Cash and investments - ending	\$ -	\$ -	\$ 211,437	\$ -	\$ -	\$ 36,560	\$ 113,258

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

	EMS Building Grant IOCRA	EMS BLDG DONATION FUND	Law Enforcement Equipment	USDA Grant - EMS Furnishings	Data Exchange Agreement	EMA Performance Gran	Sheriff's Commissary Fund
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,806
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	316,935	2,000	3,285	64,438	2,000	3,622	34,960
Total receipts	<u>316,935</u>	<u>2,000</u>	<u>3,285</u>	<u>64,438</u>	<u>2,000</u>	<u>3,622</u>	<u>34,960</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	316,935	-	3,285	63,222	1,500	3,622	30,507
Total disbursements	<u>316,935</u>	<u>-</u>	<u>3,285</u>	<u>63,222</u>	<u>1,500</u>	<u>3,622</u>	<u>30,507</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>2,000</u>	<u>-</u>	<u>1,216</u>	<u>500</u>	<u>-</u>	<u>4,453</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ 1,216</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 16,259</u>

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

	Service Process	Community Corrections 07/08	Sheriff's Continuing Education	Non-Revert Prisoner Reimbursement	Covered Bridge Maintenance	Infraction Deferral	Cumulative Reassessment
Cash and investments - beginning	\$ 4,408	\$ 26,602	\$ 20,898	\$ 55,382	\$ 8,841	\$ 53,293	\$ 91,881
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	6,300	339,719	-	3,266	5,550	29,177	-
Total receipts	<u>6,300</u>	<u>339,719</u>	<u>-</u>	<u>3,266</u>	<u>5,550</u>	<u>29,177</u>	<u>-</u>
Disbursements:							
Personal services	-	8,589	-	-	-	25,437	52,753
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	5,511	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	3,481	-
Other disbursements	4,408	357,731	6,596	-	7,225	-	930
Total disbursements	<u>4,408</u>	<u>366,320</u>	<u>6,596</u>	<u>-</u>	<u>7,225</u>	<u>34,429</u>	<u>53,683</u>
Excess (deficiency) of receipts over disbursements	<u>1,892</u>	<u>(26,601)</u>	<u>(6,596)</u>	<u>3,266</u>	<u>(1,675)</u>	<u>(5,252)</u>	<u>(53,683)</u>
Cash and investments - ending	<u>\$ 6,300</u>	<u>\$ 1</u>	<u>\$ 14,302</u>	<u>\$ 58,648</u>	<u>\$ 7,166</u>	<u>\$ 48,041</u>	<u>\$ 38,198</u>

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

	Coroner's Training - Cont Educ	Cedit Homestead Credit Fund	Public Defense Admin Fee	County Sales Disclosure Fund	Administration Fee Prob Users	Farm Maintenance	Co General Maintenance
Cash and investments - beginning	\$ 200	\$ 4,375	\$ 41,097	\$ 20,406	\$ 5,142	\$ 398,360	\$ 320,369
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	334,136	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	1,244	-	4,338	1,133	8,645	31,438	1,114
Total receipts	<u>1,244</u>	<u>334,136</u>	<u>4,338</u>	<u>1,133</u>	<u>8,645</u>	<u>31,438</u>	<u>1,114</u>
Disbursements:							
Personal services	-	-	-	-	11,970	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	10,100	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	1,288	262,992	-	-	-	1,109	-
Total disbursements	<u>1,288</u>	<u>262,992</u>	<u>-</u>	<u>10,100</u>	<u>11,970</u>	<u>1,109</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(44)</u>	<u>71,144</u>	<u>4,338</u>	<u>(8,967)</u>	<u>(3,325)</u>	<u>30,329</u>	<u>1,114</u>
Cash and investments - ending	<u>\$ 156</u>	<u>\$ 75,519</u>	<u>\$ 45,435</u>	<u>\$ 11,439</u>	<u>\$ 1,817</u>	<u>\$ 428,689</u>	<u>\$ 321,483</u>

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

	Marijuana Eradication	Community Correction Local Approp	Community Transition	Court Administration Fee	Dna Sample Processing	Community Corrections 08-09	Public Health Bioterrorism Prep
Cash and investments - beginning	\$ 4,500	\$ 1,207	\$ 65	\$ 51,828	\$ 15,829	\$ 100	\$ 2,380
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	500	45,170	4,424	850	436,861	-
Total receipts	-	500	45,170	4,424	850	436,861	-
Disbursements:							
Personal services	-	-	-	-	-	14,543	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	361	40,234	-	-	355,199	-
Total disbursements	-	361	40,234	-	-	369,742	-
Excess (deficiency) of receipts over disbursements	-	139	4,936	4,424	850	67,119	-
Cash and investments - ending	\$ 4,500	\$ 1,346	\$ 5,001	\$ 56,252	\$ 16,679	\$ 67,219	\$ 2,380

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

	Sheriff's Dive Team Fund	Every 15 Minutes	Mural Restoration	Co General Incentive Fund	E-911 Bond Sinking Fund	County User Fee Fund	State Hsc Fund (Hea 100)
Cash and investments - beginning	\$ 54	\$ 253	\$ 327	\$ 14,132	\$ -	\$ 17,656	\$ (827)
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	2,747	-
Other receipts	-	-	-	7,523	79,865	-	-
Total receipts	-	-	-	7,523	79,865	2,747	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	79,865	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	603	-	1,065	-
Total disbursements	-	-	-	603	79,865	1,065	-
Excess (deficiency) of receipts over disbursements	-	-	-	6,920	-	1,682	-
Cash and investments - ending	\$ 54	\$ 253	\$ 327	\$ 21,052	\$ -	\$ 19,338	\$ (827)

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

	Treasurer	Money Services Health	Boston Mutual	American Family Life	Prudential Insurance	Prepaid Legal Services	Option Tax Certified
Cash and investments - beginning	\$ 283,151	\$ 58,139	\$ 642	\$ 1,833	\$ 54	\$ 26	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	<u>2,367,775</u>	<u>1,667,384</u>	<u>8,264</u>	<u>29,925</u>	<u>808</u>	<u>207</u>	<u>1,871,813</u>
Total receipts	<u>2,367,775</u>	<u>1,667,384</u>	<u>8,264</u>	<u>29,925</u>	<u>808</u>	<u>207</u>	<u>1,871,813</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	1,871,812
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	<u>2,364,548</u>	<u>1,720,000</u>	<u>8,954</u>	<u>30,330</u>	<u>808</u>	<u>207</u>	<u>-</u>
Total disbursements	<u>2,364,548</u>	<u>1,720,000</u>	<u>8,954</u>	<u>30,330</u>	<u>808</u>	<u>207</u>	<u>1,871,812</u>
Excess (deficiency) of receipts over disbursements	<u>3,227</u>	<u>(52,616)</u>	<u>(690)</u>	<u>(405)</u>	<u>-</u>	<u>-</u>	<u>1</u>
Cash and investments - ending	<u>\$ 286,378</u>	<u>\$ 5,523</u>	<u>\$ (48)</u>	<u>\$ 1,428</u>	<u>\$ 54</u>	<u>\$ 26</u>	<u>\$ 1</u>

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

	Colonial Insurance	Vision Insurance	Key Life Insurance	Principal Insurance	Liberty National #2	Community Correction Agency	Totals
Cash and investments - beginning	\$ 2,354	\$ 297	\$ 317	\$ 1,940	\$ 497	\$ 50	\$ 12,005,675
Receipts:							
Taxes	-	-	-	-	-	-	19,980,339
Licenses and permits	-	-	-	-	-	-	10,159
Intergovernmental	-	-	-	-	-	-	3,317,373
Charges for services	-	-	-	-	-	-	906,533
Fines and forfeits	-	-	-	-	-	-	336,494
Other receipts	<u>34,286</u>	<u>5,946</u>	<u>1,120</u>	<u>23,494</u>	<u>3,972</u>	<u>-</u>	<u>11,262,364</u>
Total receipts	<u>34,286</u>	<u>5,946</u>	<u>1,120</u>	<u>23,494</u>	<u>3,972</u>	<u>-</u>	<u>35,813,262</u>
Disbursements:							
Personal services	-	-	-	-	-	-	4,400,808
Supplies	-	-	-	-	-	-	1,394,015
Other services and charges	-	-	-	-	-	-	4,821,142
Debt service - principal and interest	-	-	-	-	-	-	79,865
Capital outlay	-	-	-	-	-	-	1,312,255
Other disbursements	<u>36,904</u>	<u>6,322</u>	<u>1,269</u>	<u>24,179</u>	<u>4,317</u>	<u>-</u>	<u>24,938,872</u>
Total disbursements	<u>36,904</u>	<u>6,322</u>	<u>1,269</u>	<u>24,179</u>	<u>4,317</u>	<u>-</u>	<u>36,946,957</u>
Excess (deficiency) of receipts over disbursements	<u>(2,618)</u>	<u>(376)</u>	<u>(149)</u>	<u>(685)</u>	<u>(345)</u>	<u>-</u>	<u>(1,133,695)</u>
Cash and investments - ending	<u>\$ (264)</u>	<u>\$ (79)</u>	<u>\$ 168</u>	<u>\$ 1,255</u>	<u>\$ 152</u>	<u>\$ 50</u>	<u>\$ 10,871,980</u>

FOUNTAIN 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>\$ 33,159,247</u>	<u>\$ 32,365,347</u>

FOUNTAIN COUNTY
SCHEDULE OF LEASES AND DEBT
December 31, 2012

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
3M	ELECTRONIC MONITORING EQUIPMENT	\$ 30,339	11-10-12	11-10-13
3M ELECTRONIC MONITORING	HOME DETENTION GPS EQUIPMENT	18,798	11-10-11	11-10-12
BEHAVIORIAL INTERVENTIONS	HOME DETENTION MONITORING EQUIPMENT	107,485	11-01-01	11-01-12
BI INCORPORATED	ELECTRONIC MONITORING EQUIPMENT	127,777	11-01-12	10-31-14
GREAT AMERICAN LEASING	XEROX WORK CENTER COPIER	1,434	02-17-10	02-17-15
MAIL FINANCE FKA NEOPOST	POSTAGE MACHINE	1,441	09-01-07	11-30-12
PITNEY BOWES	POSTAGE MACHNE	3,300	03-15-10	03-15-15
PNC EQUIPMENT FINANCE	E 911 EQUIPMENT	79,865	10-10-05	07-10-13
PURDUE COOPERATIVE EXT SERVICE	DESKTOP	400	03-13-12	03-13-13
PURDUE COOPERATIVE EXT SERVICE	COLOR PRINTER	700	03-13-12	03-13-13
PURDUE COOPERATIVE EXT SERVICE	2-MACBOOK PRO	1,360	03-13-12	03-13-13
PURDUE COOPERATIVE EXT SERVICE	KONICA MINOLTA COPIER C353	3,139	02-20-12	02-20-13
PURDUE UNIVERSITY agIT	DESKTOPS	1,200	12-31-08	12-31-12
SOUTHEASTERN EQUIPMENT CO	GRADALL ELEVATOR	56,872	07-01-12	07-01-16
WELLS FARGO CAPITAL FINANCE	COPIER C353	3,139	10-01-08	10-01-13
Wells Fargo Equip emt Finance	LAPTOP W/DOCK	720	03-13-12	03-13-13
WEST SIDE TRACTOR SALES	JOHN DEERE ROAD GRADERS	<u>51,329</u>	01-18-12	01-18-15
Total governmental activities		<u>489,298</u>		
Total of annual lease payments		<u>\$ 489,298</u>		

FOUNTAIN COUNTY
OTHER REPORT

The annual audit 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 FOUNTAIN COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited Fountain 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 the 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.

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 2012-4, 2012-5, and 2012-6. 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

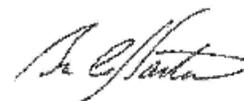
Management of the County is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the type of 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 2012-3 to be material weaknesses.

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

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



Bruce Hartman
State Examiner

August 13, 2013

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Agriculture</u>				
Community Facilities Loans and Grants Cluster Community Facilities Loans and Grants EMS Furnishings		10.766		\$ 64,438
Total - Department of Agriculture				64,438
<u>Department of Commerce National Telecommunications & Information Administration</u>				
Public Safety Interoperable Communications Grant GIS Mapping	Indiana Office of Technology	11.555	067BROADBAND000	2,000
Total - Department of Commerce National Telecommunications & Information Administration				2,000
<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 EMS Building Project	Indiana Office of Community and Rural Affairs (OCRA)	14.228	A192-11-CF-10-204	316,935
Total - Department of Housing and Urban Development				316,935
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster Highway Planning and Construction A249-10-321401 A249-10-321388	Indiana Department of Transportation	20.205 20.205	Project 1005307 Project 1005669	23,572 24,551
Total - Department of Transportation				48,123
<u>Department of Health and Human Services</u>				
Child Support Enforcement Prosecutor Clerk General	Indiana Family and Social Services Agency	93.563 93.563 93.563		49,102 26,364 66,065
Total - Child Support Enforcement				141,531
ARRA - Child Support Enforcement Prosecutor - ARRA		93.563		4,660
Total - Department of Health and Human Services				146,191
<u>Department of Homeland Security</u>				
Emergency Management Performance Grants C44P-2-090A C44P-2-330A	Indiana Department of Homeland Security	97.042 97.042		3,622 14,587
Total - Department of Homeland Security				18,209
Total federal awards expended				\$ 595,896

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

FOUNTAIN 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 Fountain 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.

FOUNTAIN 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?	yes
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?	yes

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 CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

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

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

FOUNTAIN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2. **Preparing Financial Statements:** Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the County's audited financial statement and then determining how those identified risks should be managed. The County has not identified risks to the preparation of a reliable financial statement and as a result has failed to design effective controls over the preparation of the financial statement to prevent or detect material misstatements, including notes to the financial statement.
3. **Monitoring of Controls:** Effective internal control over financial reporting requires the County Council and County Commissioners to monitor and assess the quality of the County's system of internal control. The County Council and County Commissioners have not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility places the County at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the County has no process to identify or communicate corrective actions to improve controls.
4. **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.

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

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

FINDING 2012-2 - SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards submitted for audit was not accurate. The grantor agency name, program name, and CFDA number were incorrect for three programs. Total expenditures were under-reported for two programs. Three programs were omitted from the schedule. We felt that these errors caused the statement to be, qualitatively, materially misstated and requested and received approval from the official to make these audit adjustments.

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:

FOUNTAIN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

"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."

We recommended that the County verify the completeness and accuracy of the Schedule of Federal Expenditures prior to submission.

Section III – Federal Award Findings and Questioned Costs

FINDING 2012-3 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO COMMUNITY DEVELOPMENT BLOCK GRANT

Federal Agency: United States Department of Housing and Urban Development

Federal Program: Community Development Block Grants/State's Program and
Non-Entitlement Grants in Hawaii

CFDA Number: 14.228

Pass-Through: Indiana Office of Community and Rural Affairs

Award Number: A192-11-CF-10-204

Management of the County has not established an effective internal control system, which would include segregation of duties, related to the grant agreement on some of the compliance requirements that have a direct and material effect to the program. This includes the following compliance requirements: Cash Management; Davis Bacon; Equipment & Real Property Management; Matching, Level of Effort and Earmarking; Period of Availability; Procurement, Suspension & Debarment; and Reporting. The failure to

FOUNTAIN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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.

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.

FINDING 2012-4 - EQUIPMENT AND REAL PROPERTY MANAGEMENT

Federal Agency: United States Department of Housing and Urban Development
Federal Program: Community Development Block Grants/State's Program and
Non-Entitlement Grants in Hawaii

CFDA Number: 14.228

Pass-Through: Indiana Office of Community and Rural Affairs

Award Number: A192-11-CF-10-204

The County does not maintain records that identify equipment and other property acquired with federal monies. No system exists to provide separated identification for items acquired with federal and non-federal funds.

24 CFR 85.32 (d) states in part:

"Management requirements. Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

FOUNTAIN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property."

Failure to maintain detailed and accurate equipment and property records could result in assets being lost, stolen, misappropriated, or disposed of improperly and not detected within a reasonable time.

We recommended that the County officials design and properly monitor procedures that would ensure accurate detailed fixed asset records are maintained. Also any assets acquired with federal funds must be designated as such so that they are not disposed of improperly.

FINDING 2012-5 - DAVIS-BACON

Federal Agency: United States Department of Housing and Urban Development
Federal Program: Community Development Block Grants/State's Program and
Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Pass-Through: Indiana Office of Community and Rural Affairs
Award Number: A192-11-CF-10-204

Compliance with the Davis-Bacon Act requires payment of federal prevailing wage rates for construction, repair or alteration work funded in whole or in part with the Community Development Block Grant. The grantee must establish controls for monitoring wages paid by contractors. They must obtain recent and applicable wage rates from the U.S. Department of Labor and incorporate them into the construction contract. The contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to the Grant Administrator. Bell's Excavating Inc. did not submit their weekly payroll sheets to the Grant Administrator. Three payrolls were submitted for a four month period covering October 2011 to March 2012 and they were all certified with a March 14, 2012 date.

24 CFR 85.40 (a) states in part:

"Monitoring by grantees. Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity."

24 CFR 85.36 (i) states in part:

"Contract provisions. A grantee's and subgrantee's contracts must contain provisions in paragraph (i) of this section. Federal agencies are permitted to require changes, remedies, changed conditions, access and records retention, suspension of work, and other clauses approved by the Office of Federal Procurement Policy. . . .

- (5) Compliance with the Davis-Bacon Act (40 U.S.C. 276a to 276a-7) as supplemented by Department of Labor regulations (29 CFR part 5). (Construction contracts in excess of \$2000 awarded by grantees and subgrantees when required by Federal grant program legislation)."

FOUNTAIN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

29 CFR 5.5 (a)(3) states in part:

"(ii)(A) The contractor shall submit weekly for each week in which any contract work is performed a copy of all payrolls to the (write in name of appropriate federal agency) if the agency is a party to the contract, but if the agency is not such a party, the contractor will submit the payrolls to the applicant, sponsor, or owner, as the case may be, for transmission to the (write in name of agency). The payrolls submitted shall set out accurately and completely all of the information required to be maintained under 29 CFR 5.5(a)(3)(i), except that full social security numbers and home addresses shall not be included on weekly transmittals. Instead the payrolls shall only need to include an individually identifying number for each employee (e.g., the last four digits of the employee's social security number). The required weekly payroll information may be submitted in any form desired. Optional Form WH-347 is available for this purpose from the Wage and Hour Division Web site at <http://www.dol.gov/esa/whd/forms/wh347instr.htm> or its successor site. The prime contractor is responsible for the submission of copies of payrolls by all subcontractors. . . .

(B) Each payroll submitted shall be accompanied by a 'Statement of Compliance,' signed by the contractor or subcontractor or his or her agent who pays or supervises the payment of the persons employed under the contract and shall certify the following: . . .

(iii) The contractor or subcontractor shall make the records required under paragraph (a)(3)(i) of this section available for inspection, copying, or transcription by authorized representatives of the (write the name of the agency) or the Department of Labor, and shall permit such representatives to interview employees during working hours on the job. If the contractor or subcontractor fails to submit the required records or to make them available, the Federal agency may, after written notice to the contractor, sponsor, applicant, or owner, take such action as may be necessary to cause the suspension of any further payment, advance, or guarantee of funds. Furthermore, failure to submit the required records upon request or to make such records available may be grounds for debarment action pursuant to 29 CFR 5.12."

The lack of monitoring of compliance with the Davis-Bacon Act could result in cancellation of contracts and/or the repayment of federal funds to the Department of Housing and Urban Development.

We recommended that County officials establish monitoring procedures to ensure that all contractors submit their certified weekly payroll to the Grant Administrator to be in compliance with the Davis-Bacon Act.

FINDING 2012-6 - REPORTING

Federal Agency: United States Department of Housing and Urban Development

Federal Program: Community Development Block Grants/State's Program and
Non-Entitlement Grants in Hawaii

CFDA Number: 14.228

Pass-Through: Indiana Office of Community and Rural Affairs

Award Number: A192-11-CF-10-204

The Semi-Annual Reports for the Community Development Block Grant for June 30, 2012, and the Close Out Report for December 30, 2012, were not properly prepared. The detailed disbursement to date column on the reports did not match the Contractor's Expenditure Ledger or the Auditor's fund ledger.

FOUNTAIN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The Indiana CDBG Handbook, section (Recordkeeping), states in part:

"Grantees must establish a system for record keeping that assists OCRA's review of files for compliance. In other words, records should be kept in a manner that clearly tells the whole story of a CDBG project from beginning to end. Financial records, supporting documents, statistical records and all other records pertinent to a grant must be retained for a period of three years after closeout of the grant year from which the grant funds were awarded. Grantees should be advised that the record retention period could exceed ten years. OCRA notifies Grantees as to when the record retention period begins and expires."

The Indiana CDBG Handbook, section 1.9.3 (Reporting), states in part:

"OCRA requires Grantees to report on grant progress through the life of the project and in some cases following the closeout of the project. It is very important to note that should any of the reports listed below not be submitted to OCRA by the stated due dates, the reports will be considered past due and all future grant requests by the Grantee will be denied until the reports are submitted and approved. These reports include:

1. Semi Annual Reports – All Grantees must submit this report every six months (due by January 31 and July 31) until the project is closed out. . . ."

Failure to comply with these requirements could cause the County to over expend grant money and increases the risk of inaccurate reporting. Inaccurate reporting could jeopardize future funding.

We recommended that County officials review all reports and verify that the supporting documentation matches the report filed.

FOUNTAIN COUNTY AUDITOR'S OFFICE

301 4TH Street Courthouse
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Summary Schedule of Prior Audit Findings

Finding Number 2011-1
Original SBA Audit Report Number: B40457
Fiscal Year: 2011
Auditee Contact Person: Brenda Hardy
Title of Contact Person: Fountain County Auditor
Phone Number: 765-793-2243
Status of Finding:

Federal Agency: United States Department of Housing and Urban Development
Federal Program: CDBG – State Administered CDBG Cluster
CFDA Number: 14.228
Pass-Through: Indiana Office of Community and Rural Affairs
Award Number: A192-11-+CF-10-304

The previous Auditor attempted to make the necessary corrective actions in regards to the above grant due to the findings from the State Board of Account Audit in 2011. It is my understanding that with the Audit in April 2012, time was limited in completing the plans of the corrective actions.

I, Brenda Hardy, Auditor of Fountain County, have reviewed the findings and the initial corrective action plans in regards to the above grant. I plan to follow up and make sure that the corrective action(s) due to the findings from the State Board of Account Audit are implemented.

Respectively submitted,



Brenda Hardy
Fountain County Auditor
July 15, 2013

FOUNTAIN COUNTY AUDITOR'S OFFICE

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

Contact Person: Brenda Hardy
Title of Contact Person: Auditor
Phone Number: 765-793-2243
Expected Completion Date: August 31, 2013

Corrective Action:

1. Control activities will be selected and developed with the receipts, disbursements, payroll and related liabilities, and cash and investment balances.
2. Control activities will be selected and developed with the preparation of the financial statements to prevent or detect material misstatements, including notes to the financial statements.
3. Control activities will be selected and developed with the Council and Commissioners to monitor and assess the quality of the County's system of internal controls.
4. Control activities will be selected and developed for the Schedule of Expenditures of Federal Awards with the preparation of the SEFA to ensure accurate reporting.

FINDING 2012-2 – SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Contact Person: Brenda Hardy
Title of Contact Person: Auditor
Phone Number: 765-793-2243
Expected Completion Date: September 30, 2013

Corrective Action:

1. Keep a Local Match Ledger (Financial Management Form 5) for monies spent from the Cumulative Capital Development Fund (1128), the Rainy Day Fund (1186) and the Community Foundation/Donation Fund (4925).
2. Keep a Federal Cash Control Register – Federal Fiscal Year (Financial Management Form 1) for monies spent and received on the federal grant.
3. Request that any future documents be submitted as they are received and not wait until the end of the grant.

FINDING 2012-3 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO COMMUNITY DEVELOPMENT BLOCK GRANT

Contact Person: Brenda Hardy
Title of Contact Person: Auditor
Phone Number: 765-793-2243
Expected Completion Date: September 30, 2013

Corrective Action:

Controls over compliance will be implemented, including the following:

1. Keep a Local Match Ledger (Financial Management Form 5) for monies spent from the Cumulative Capital Development Fund (1128), the Rainy Day Fund (1186) and the Community Foundation/Donation Fund (4925).
2. Keep a Federal Cash Control Register – Federal Fiscal Year (Financial Management Form 1) for monies spent and received on the federal grant.
3. Make a formal request to the grant writer that she furnish a copy of all documents to me immediately. Also, request that any future documents be submitted as they are received and not wait until the end of the grant.
4. Make a recommendation to the Commissioners and Council to not use Anita Carpenter in the future for grant writing purposes.

FINDING 2012-4, Equipment and Real Property Management

Federal Agency: United States Department of Housing and Urban Development
Federal Program: CDBG - State Administered CDBG Cluster
CFDA Number: 14.228
Pass-Through: Indiana Office of Community and Rural Affairs
Award Number: A192-11-CF-10-204

Contact Person: Brenda Hardy
Title of Contact Person: Auditor
Phone Number: 765-793-2243
Expected Completion Date: September 30, 2013

Corrective Action:

1. Keep detailed fixed assets ledgers identifying equipment and their property acquired with federal monies.

FINDING 2012-5, Davis-Bacon

Federal Agency: United States Department of Housing and Urban Development
Federal Program: CDBG - State Administered CDBG Cluster
CFDA Number: 14.228
Pass-Through: Indiana Office of Community and Rural Affairs
Award Number: A192-11-CF-10-204

Contact Person: Brenda Hardy
Title of Contact Person: Auditor
Phone Number: 765-793-2243
Expected Completion Date: September 30, 2013

Corrective Action:

1. Control activities will be selected and developed for monitoring wages paid by contractors and by obtaining recent and applicable wages rates from the U.S. Department of Labor and incorporate them into the construction contract. The contractor shall submit weekly for each week in which any contract work is performed copy of all payrolls to the Grant Administrator.

FINDING 2012-6, Reporting

Federal Agency: United States Department of Housing and Urban Development
Federal Program: CDBG - State Administered CDBG Cluster
CFDA Number: 14.228
Pass-Through: Indiana Office of Community and Rural Affairs
Award Number: A192-11-CF-10-204

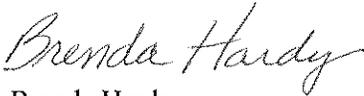
Contact Person: Brenda Hardy
Title of Contact Person: Auditor
Phone Number: 765-793-2243
Expected Completion Date: September 30, 2013

Corrective Action:

The following Ledgers will be used to verify the accuracy of the reports:

1. Keep a Local Match Ledger (Financial Management Form 5) for monies spent from the Cumulative Capital Development Fund (1128), the Rainy Day Fund (1186) and the Community Foundation/Donation Fund (4925).
2. Keep a Federal Cash Control Register – Federal Fiscal Year (Financial Management Form 1) for monies spent and received on the federal grant.
3. Make a formal request to the grant writer that she furnish a copy of all documents to me immediately. Also, request that any future documents be submitted as they are received and not wait until the end of the grant.

Respectively submitted,



Brenda Hardy
Fountain County Auditor
September 17, 2013

FOUNTAIN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 13, 2013, with Richard L. Klage, President of the County Council; Terry Ellingwood, President of the Board of County Commissioners; Colleen Chambers, former Auditor; and Brenda Hardy, Auditor.