

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

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



FILED
12/16/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Celeste G. Reed	01-01-11 to 12-31-14
Treasurer	Linda M. Greene	01-01-09 to 12-31-16
Clerk	Karen L. Mannix	01-01-11 to 12-31-14
Sheriff	John I. Wallace	01-01-11 to 12-31-14
Recorder	Leigh Koehler	01-01-09 to 12-31-16
President of the Board of County Commissioners	Julie Berry Thomas Pietrykowski	01-01-12 to 12-31-12 01-01-13 to 12-31-13
President of the County Council	William H. Hensler	01-01-12 to 12-31-13



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF JEFFERSON COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of Jefferson 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 (Indiana Code 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 (Indiana Code 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 the 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 November 1, 2013, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Accompanying Information

Supplementary Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

Other Information

Included in the financial statement are the receipts and disbursements activity from emergency telephone system fees (Indiana Code 36-8-16), enhanced wireless emergency telephone fees (Indiana Code 36-8-16.5), and statewide 911 services fees (Indiana Code 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.


Paul D. Joyce, CPA
State Examiner

November 1, 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 JEFFERSON 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 Jefferson 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 November 1, 2013, wherein we noted the County followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

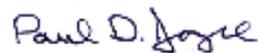
provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1.

Jefferson 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.


Paul D. Joyce, CPA
State Examiner

November 1, 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.

JEFFERSON 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
PROJECT INCOME - COMMUNITY CORRECTIONS	\$ 32,542	\$ 150,828	\$ 136,273	\$ 47,097
GENERAL	196,096	6,928,920	6,829,722	295,294
ACCIDENT REPORTS	911	2,100	2,212	799
3% TOWNS	-	3,919	3,327	592
CLERK RECORD PERP FUND	45,803	11,242	6,716	50,329
PRISONER REIMB	2,400	-	-	2,400
SALES DISCLOSURE FEE	11,332	3,280	639	13,973
CUM BRIDGE	1,060,469	1,017,114	741,951	1,335,632
CUM CAP DEVELOPMENT	1,367,901	171,335	257,918	1,281,318
CUM COURTHOUSE	2,203,282	253,829	90,181	2,366,930
CUM JAIL	712,437	119,299	108,968	722,768
CUM VOTING	221,177	-	-	221,177
CO DRUG FREE	46,200	45,038	46,200	45,038
EMERGENCY TELEPHONE 911-PSAP	221,247	82,478	303,698	27
FIREARMS TRAINING	3,056	9,770	7,527	5,299
FAMILY VIOLENCE/VICTIM ASSISTANCE	4,204	-	-	4,204
CO ID PROTECTION ACT	59,585	2,938	-	62,523
LEVY EXCESS	26,780	-	26,780	-
HEALTH MAINTENANCE	37,311	32,672	41,351	28,632
LOCAL ROADS & STREETS	243,106	283,141	293,207	233,040
COUNTY MISDEMEANANT FUND	30,333	21,653	36,886	15,100
HIGHWAY	763,701	1,956,568	1,772,207	948,062
PLAT BOOK	5,662	581	-	6,243
RAINY DAY FUND	752,096	41,061	-	793,157
NEW REASSESSMENT	66,545	-	51,023	15,522
REASSESSMENT 2015	192,104	192,910	-	385,014
RECORDERS RECORDS PERPETUATION	333,450	39,913	40,708	332,655
GAMING REVENUE-HISTORIC BOARD	455,406	61,432	21,301	495,537
SEX AND VIOLENT OFFENDER ADMIN	-	3,440	2,918	522
SUPPL PUBLIC DEFENDER	4,067	42,238	3,018	43,287
SURPLUS TAX	34,984	269,495	36,852	267,627
CO SURVEYOR CORNER PERPETUAL	4,271	6,365	2,910	7,726
TAX SALE REDEMPTION	1,588	126,991	133,562	(4,983)
HEALTH DEPARTMENT	278,495	712,126	777,838	212,783
RECORDERS CONT ED	985	2,938	137	3,786
STATEWIDE 911	-	377,382	122,575	254,807
ADULT PROBATION	85,903	118,319	83,711	120,511
JUV PROBATION SERVICES	11,910	7,292	10,000	9,202
COMMUNITY CORRECTION CTP	1,817	39,355	37,829	3,343
CEMETERY BOARD	78,383	-	17,979	60,404
COMMUNITY CORRECTIONS	66,935	187,001	202,201	51,735
ANIMAL SHELTER	56,372	185,342	178,787	62,927
SEIZED & FORFEITED PROPERTY	7,207	20,872	3,058	25,021
PAYROLL CLEARING	142,820	3,134,216	3,101,744	175,292
SHERIFF PENSION TRUST	-	13,039	12,090	949
SETTLEMENT	-	28,068,430	28,068,430	-
CVET	-	52,122	52,122	-
SISWD	2,644	-	-	2,644
FINANCIAL INSTITUTION TAX	-	121,051	121,051	-
HEA 1001 STATE HSC FUND	(506)	506	-	-
STATE FINES & FORFEITURES	14,149	14,216	27,765	600
INFRACTION JUDGMENTS	1,446	18,407	18,983	870
SPECIAL DEATH BENEFITS	385	4,855	4,885	355
CORONERS TRAINING & CONT EDU	294	3,175	3,359	110
IC TRANSFER FEES	63	688	751	-
MORTGAGE RECORDING FEES-STATE	575	3,353	3,630	298
INHERITANCE TAX	60,862	482,074	444,410	98,526
EDU PLATE EXCISE	(20,000)	20,600	600	-
CASINO REVENUE	768,712	508,733	529,468	747,977

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

JEFFERSON 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
CONVENTION & TOURISM	(10)	337,001	336,991	-
HANOVER TOWN FINES	1,988	407	2,243	152
PCA FEES	1,287	15,157	7,690	8,754
CLERK ARRA FUND	2,771	-	-	2,771
PROS ATTY INCENTIVE	56,799	17,391	-	74,190
PROSECUTOR ARRA	6,747	-	6,322	425
CLERKS INCENTIVE	28,379	11,717	2,932	37,164
RIVERBOAT WAG TAX SHARING	181,433	192,101	213,589	159,945
OUT OF SCHOOL GRANT (JAIBG)	720	-	-	720
GUARDIAN AD LITEM	21,534	-	-	21,534
ALCOHOL & DRUG PROGRAM	1,733	957	-	2,690
FAMILY AND CHILDREN	4	-	4	-
STATE FAIR	(2,304)	2,304	-	-
JEFFERSON CO ORDINANCE FEE	1,618	-	2,005	(387)
CITY & TOWN COURT COST	(263)	263	-	-
TREASURER CASH BOOK	369,009	347,885	369,009	347,885
CLERK CASH BOOK	770,050	3,239,659	3,029,494	980,215
SHERIFF COMMISSARY	65,762	65,757	67,922	63,597
SHERIFF INMATE TRUST	17,354	331,644	329,914	19,084
ADMINISTRATIVE FEE PROBATION	2,565	-	2,565	-
CORNERSTONE SOCIETY	1,402	-	-	1,402
JAWS PROGRAM	122	-	-	122
COMMUNITY TRANS. PROGRAM	17,825	-	-	17,825
LAW ENFORC FED FORFEITURE FUND	1,611	-	-	1,611
ELIZ. RHODES	5,822	-	-	5,822
EXCISE POLICE	333	8	-	341
JURY FEES	6,022	2,262	-	8,284
CO CHILD ABUSE FEES	50	-	-	50
ORD DEF/LOIT	2,998	-	2,998	-
CEDIT	2,248,986	2,246,857	2,290,486	2,205,357
THINK GIS	2,000	-	1,500	500
EMERGENCY/ RIGHT TO KNOW	14,078	7,578	15,768	5,888
PRE-TRIAL DIVERSION	122,704	36,055	25,117	133,642
SRI	14,874	2,680	9,202	8,352
SURPLUS TAX SALE	470,301	1,003,065	542,533	930,833
JEFF CO WIRELESS EMERGENCY TEL	36,245	55,009	91,254	-
CASA/GRANT	1,386	14,923	14,923	1,386
ELECTION & REGISTRATION	166,946	26,652	127,051	66,547
INFRACTION DEFERRAL PROGRAM	1,140	5,750	2,209	4,681
CEMETERY BOARD DONATIONS	8,376	-	350	8,026
ANIMAL SHELTER DONATION FUND	-	30,084	-	30,084
COURTHOUSE INS REST FUND	30,231	-	33,997	(3,766)
EDP/ CASINO REV.	22,220	54,432	76,652	-
SHERIFF RESERVE UNIT FUND	436	-	912	(476)
MENTAL HEALTH	823	164,989	164,246	1,566
TIMBER FUND OF JEFFERSON COUNTY	-	5,318	-	5,318
LOCAL TRUST HEALTH	20,709	20,403	4,495	36,617
JEFF CO SHERIFF CONT ED	(20)	2,771	2,494	257
IND STATE POLICE	32,738	1,592	708	33,622
DEPT OF NATURAL RESOURCES	733	132	72	793
CITY OF MADISON	18,008	5,108	22,442	674
WIC	(9,764)	140,138	153,352	(22,978)
HOMELAND SEC/SEMA	38,574	63,197	62,707	39,064
TITLE IV-D INCENTIVE FUND	17,506	11,556	-	29,062
Totals	<u>\$ 15,522,088</u>	<u>\$ 54,439,444</u>	<u>\$ 52,837,606</u>	<u>\$ 17,123,926</u>

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

JEFFERSON 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 Indiana State Board of Accounts in accordance with state statute (Indiana Code 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,

JEFFERSON 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, cable TV receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

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

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

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

JEFFERSON 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 (Indiana Code 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 (Indiana Code 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.

JEFFERSON COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

JEFFERSON COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

B. County Police Retirement Plan

Plan Description

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

Funding Policy

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

C. County Police Benefit Plan

Plan Description

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

Funding Policy

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

Note 7. Restatement of County Offices

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

JEFFERSON COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of posting errors that were corrected in 2013 in four of the funds. The WIC Fund is a reimbursable grant fund with the reimbursement for expenditures made by the County not received by December 2012.

Fund	Amount
Tax Sale Redemption	\$ 4,983
Jefferson Co Ordinance Fee	387
Courthouse Ins Rest Fund	3,766
Sheriff Reserve Unit Fund	476
WIC	<u>22,978</u>
Total	<u>\$ 32,590</u>

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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.

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

	PROJECT INCOME - COMMUNITY CORRECTIONS	GENERAL	ACCIDENT REPORTS	3% TOWNS	CLERK RECORD PERP FUND	PRISONER REIMB	SALES DISCLOSURE FEE
Cash and investments - beginning	\$ 32,542	\$ 196,096	\$ 911	\$ -	\$ 45,803	\$ 2,400	\$ 11,332
Receipts:							
Taxes	-	5,848,904	-	-	-	-	-
Licenses and permits	-	37,101	-	-	-	-	-
Intergovernmental	-	47,055	-	-	-	-	-
Charges for services	150,828	711,474	2,100	-	11,242	-	3,280
Fines and forfeits	-	284,386	-	3,919	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>150,828</u>	<u>6,928,920</u>	<u>2,100</u>	<u>3,919</u>	<u>11,242</u>	<u>-</u>	<u>3,280</u>
Disbursements:							
Personal services	-	4,505,322	-	-	1,405	-	-
Supplies	136,273	509,779	-	-	2,596	-	-
Other services and charges	-	1,811,951	-	-	-	-	639
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	2,402	-	-	2,715	-	-
Other disbursements	-	268	2,212	3,327	-	-	-
Total disbursements	<u>136,273</u>	<u>6,829,722</u>	<u>2,212</u>	<u>3,327</u>	<u>6,716</u>	<u>-</u>	<u>639</u>
Excess (deficiency) of receipts over disbursements	<u>14,555</u>	<u>99,198</u>	<u>(112)</u>	<u>592</u>	<u>4,526</u>	<u>-</u>	<u>2,641</u>
Cash and investments - ending	<u>\$ 47,097</u>	<u>\$ 295,294</u>	<u>\$ 799</u>	<u>\$ 592</u>	<u>\$ 50,329</u>	<u>\$ 2,400</u>	<u>\$ 13,973</u>

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

	CUM BRIDGE	CUM CAP DEVELOPMENT	CUM COURTHOUSE	CUM JAIL	CUM VOTING	CO DRUG FREE	EMERGENCY TELEPHONE 911-PSAP
Cash and investments - beginning	\$ 1,060,469	\$ 1,367,901	\$ 2,203,282	\$ 712,437	\$ 221,177	\$ 46,200	\$ 221,247
Receipts:							
Taxes	675,424	157,755	233,711	109,844	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	199,663	13,580	20,118	9,455	-	44,438	-
Charges for services	-	-	-	-	-	-	82,478
Fines and forfeits	-	-	-	-	-	600	-
Other receipts	142,027	-	-	-	-	-	-
Total receipts	<u>1,017,114</u>	<u>171,335</u>	<u>253,829</u>	<u>119,299</u>	<u>-</u>	<u>45,038</u>	<u>82,478</u>
Disbursements:							
Personal services	297,226	-	-	-	-	-	-
Supplies	67,113	41,989	37,736	1,376	-	-	-
Other services and charges	129,800	130,555	37,762	8,883	-	46,200	45,717
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	247,812	85,374	1,800	-	-	-	87,502
Other disbursements	-	-	12,883	98,709	-	-	170,479
Total disbursements	<u>741,951</u>	<u>257,918</u>	<u>90,181</u>	<u>108,968</u>	<u>-</u>	<u>46,200</u>	<u>303,698</u>
Excess (deficiency) of receipts over disbursements	<u>275,163</u>	<u>(86,583)</u>	<u>163,648</u>	<u>10,331</u>	<u>-</u>	<u>(1,162)</u>	<u>(221,220)</u>
Cash and investments - ending	<u>\$ 1,335,632</u>	<u>\$ 1,281,318</u>	<u>\$ 2,366,930</u>	<u>\$ 722,768</u>	<u>\$ 221,177</u>	<u>\$ 45,038</u>	<u>\$ 27</u>

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

	FIREARMS TRAINING	FAMILY VIOLENCE/ VICTIM ASSISTANCE	CO ID PROTECTION ACT	LEVY EXCESS	HEALTH MAINTENANCE	LOCAL ROADS & STREETS	COUNTY MISDEMEANANT FUND
Cash and investments - beginning	\$ 3,056	\$ 4,204	\$ 59,585	\$ 26,780	\$ 37,311	\$ 243,106	\$ 30,333
Receipts:							
Taxes	-	-	2,938	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	32,672	276,039	-
Charges for services	9,770	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	21,623
Other receipts	-	-	-	-	-	7,102	30
Total receipts	<u>9,770</u>	<u>-</u>	<u>2,938</u>	<u>-</u>	<u>32,672</u>	<u>283,141</u>	<u>21,653</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	41,351	293,207	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	7,527	-	-	26,780	-	-	36,886
Total disbursements	<u>7,527</u>	<u>-</u>	<u>-</u>	<u>26,780</u>	<u>41,351</u>	<u>293,207</u>	<u>36,886</u>
Excess (deficiency) of receipts over disbursements	<u>2,243</u>	<u>-</u>	<u>2,938</u>	<u>(26,780)</u>	<u>(8,679)</u>	<u>(10,066)</u>	<u>(15,233)</u>
Cash and investments - ending	<u>\$ 5,299</u>	<u>\$ 4,204</u>	<u>\$ 62,523</u>	<u>\$ -</u>	<u>\$ 28,632</u>	<u>\$ 233,040</u>	<u>\$ 15,100</u>

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

	HIGHWAY	PLAT BOOK	RAINY DAY FUND	NEW REASSESSMENT	REASSESSMENT 2015	RECORDERS RECORDS PERPETUATION	GAMING REVENUE- HISTORIC BOARD
Cash and investments - beginning	\$ 763,701	\$ 5,662	\$ 752,096	\$ 66,545	\$ 192,104	\$ 333,450	\$ 455,406
Receipts:							
Taxes	-	-	-	-	192,910	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	1,657,551	-	-	-	-	-	-
Charges for services	299,017	-	-	-	-	5,673	61,432
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	581	41,061	-	-	34,240	-
Total receipts	<u>1,956,568</u>	<u>581</u>	<u>41,061</u>	<u>-</u>	<u>192,910</u>	<u>39,913</u>	<u>61,432</u>
Disbursements:							
Personal services	837,732	-	-	-	-	-	-
Supplies	536,275	-	-	-	-	-	-
Other services and charges	289,948	-	-	51,023	-	-	21,301
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	108,252	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	40,708	-
Total disbursements	<u>1,772,207</u>	<u>-</u>	<u>-</u>	<u>51,023</u>	<u>-</u>	<u>40,708</u>	<u>21,301</u>
Excess (deficiency) of receipts over disbursements	<u>184,361</u>	<u>581</u>	<u>41,061</u>	<u>(51,023)</u>	<u>192,910</u>	<u>(795)</u>	<u>40,131</u>
Cash and investments - ending	<u>\$ 948,062</u>	<u>\$ 6,243</u>	<u>\$ 793,157</u>	<u>\$ 15,522</u>	<u>\$ 385,014</u>	<u>\$ 332,655</u>	<u>\$ 495,537</u>

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

	SEX AND VIOLENT OFFENDER ADMIN	SUPPL PUBLIC DEFENDER	SURPLUS TAX	CO SURVEYOR CORNER PERPETUAL	TAX SALE REDEMPTION	HEALTH DEPARTMENT	RECORDERS CONT ED
Cash and investments - beginning	\$ -	\$ 4,067	\$ 34,984	\$ 4,271	\$ 1,588	\$ 278,495	\$ 985
Receipts:							
Taxes	-	-	269,495	-	-	-	-
Licenses and permits	-	-	-	-	-	712,126	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	3,440	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	42,238	-	6,365	126,991	-	2,938
Total receipts	<u>3,440</u>	<u>42,238</u>	<u>269,495</u>	<u>6,365</u>	<u>126,991</u>	<u>712,126</u>	<u>2,938</u>
Disbursements:							
Personal services	-	-	-	-	-	777,838	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	2,910	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	2,918	3,018	36,852	-	133,562	-	137
Total disbursements	<u>2,918</u>	<u>3,018</u>	<u>36,852</u>	<u>2,910</u>	<u>133,562</u>	<u>777,838</u>	<u>137</u>
Excess (deficiency) of receipts over disbursements	<u>522</u>	<u>39,220</u>	<u>232,643</u>	<u>3,455</u>	<u>(6,571)</u>	<u>(65,712)</u>	<u>2,801</u>
Cash and investments - ending	<u>\$ 522</u>	<u>\$ 43,287</u>	<u>\$ 267,627</u>	<u>\$ 7,726</u>	<u>\$ (4,983)</u>	<u>\$ 212,783</u>	<u>\$ 3,786</u>

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

	STATEWIDE 911	ADULT PROBATION	JUV PROBATION SERVICES	COMMUNITY CORRECTION CTP	CEMETERY BOARD	COMMUNITY CORRECTIONS	ANIMAL SHELTER
Cash and investments - beginning	\$ -	\$ 85,903	\$ 11,910	\$ 1,817	\$ 78,383	\$ 66,935	\$ 56,372
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	29,626	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	101,815	-	-	39,355	-	187,001	58,124
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	<u>275,567</u>	<u>88,693</u>	<u>7,292</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>127,218</u>
Total receipts	<u>377,382</u>	<u>118,319</u>	<u>7,292</u>	<u>39,355</u>	<u>-</u>	<u>187,001</u>	<u>185,342</u>
Disbursements:							
Personal services	71,769	237	-	37,829	-	202,201	77,281
Supplies	58	-	-	-	17,979	-	13,041
Other services and charges	35,303	-	-	-	-	-	83,559
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	15,445	-	-	-	-	-	3,177
Other disbursements	<u>-</u>	<u>83,474</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,729</u>
Total disbursements	<u>122,575</u>	<u>83,711</u>	<u>10,000</u>	<u>37,829</u>	<u>17,979</u>	<u>202,201</u>	<u>178,787</u>
Excess (deficiency) of receipts over disbursements	<u>254,807</u>	<u>34,608</u>	<u>(2,708)</u>	<u>1,526</u>	<u>(17,979)</u>	<u>(15,200)</u>	<u>6,555</u>
Cash and investments - ending	<u>\$ 254,807</u>	<u>\$ 120,511</u>	<u>\$ 9,202</u>	<u>\$ 3,343</u>	<u>\$ 60,404</u>	<u>\$ 51,735</u>	<u>\$ 62,927</u>

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

	SEIZED & FORFEITED PROPERTY	PAYROLL CLEARING	SHERIFF PENSION TRUST	SETTLEMENT	CVET	SISWD	FINANCIAL INSTITUTION TAX
Cash and investments - beginning	\$ 7,207	\$ 142,820	\$ -	\$ -	\$ -	\$ 2,644	\$ -
Receipts:							
Taxes	-	3,134,216	-	25,265,553	52,122	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	2,802,877	-	-	121,051
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	20,872	-	-	-	-	-	-
Other receipts	-	-	13,039	-	-	-	-
Total receipts	<u>20,872</u>	<u>3,134,216</u>	<u>13,039</u>	<u>28,068,430</u>	<u>52,122</u>	<u>-</u>	<u>121,051</u>
Disbursements:							
Personal services	-	3,101,744	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	3,058	-	12,090	28,068,430	52,122	-	121,051
Total disbursements	<u>3,058</u>	<u>3,101,744</u>	<u>12,090</u>	<u>28,068,430</u>	<u>52,122</u>	<u>-</u>	<u>121,051</u>
Excess (deficiency) of receipts over disbursements	<u>17,814</u>	<u>32,472</u>	<u>949</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 25,021</u>	<u>\$ 175,292</u>	<u>\$ 949</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,644</u>	<u>\$ -</u>

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

	HEA 1001 STATE HSC FUND	STATE FINES & FORFEITURES	INFRACTION JUDGMENTS	SPECIAL DEATH BENEFITS	CORONERS TRAINING & CONT EDU	IC TRANSFER FEES	MORTGAGE RECORDING FEES-STATE
Cash and investments - beginning	\$ (506)	\$ 14,149	\$ 1,446	\$ 385	\$ 294	\$ 63	\$ 575
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	506	-	-	-	-	688	-
Other receipts	-	14,216	18,407	4,855	3,175	-	3,353
Total receipts	506	14,216	18,407	4,855	3,175	688	3,353
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	27,765	18,983	4,885	3,359	751	3,630
Total disbursements	-	27,765	18,983	4,885	3,359	751	3,630
Excess (deficiency) of receipts over disbursements	506	(13,549)	(576)	(30)	(184)	(63)	(277)
Cash and investments - ending	\$ -	\$ 600	\$ 870	\$ 355	\$ 110	\$ -	\$ 298

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

	INHERITANCE TAX	EDU PLATE EXCISE	CASINO REVENUE	CONVENTION & TOURISM	HANOVER TOWN FINES	PCA FEES	CLERK ARRA FUND
Cash and investments - beginning	\$ 60,862	\$ (20,000)	\$ 768,712	\$ (10)	\$ 1,988	\$ 1,287	\$ 2,771
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	15,157	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	482,074	20,600	508,733	337,001	407	-	-
Total receipts	482,074	20,600	508,733	337,001	407	15,157	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	529,468	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	444,410	600	-	336,991	2,243	7,690	-
Total disbursements	444,410	600	529,468	336,991	2,243	7,690	-
Excess (deficiency) of receipts over disbursements	37,664	20,000	(20,735)	10	(1,836)	7,467	-
Cash and investments - ending	\$ 98,526	\$ -	\$ 747,977	\$ -	\$ 152	\$ 8,754	\$ 2,771

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

	PROS ATTY INCENTIVE	PROSECUTOR ARRA	CLERKS INCENTIVE	RIVERBOAT WAG TAX SHARING	OUT OF SCHOOL GRANT (JAIBG)	GUARDIAN AD LITEM	ALCOHOL & DRUG PROGRAM
Cash and investments - beginning	\$ 56,799	\$ 6,747	\$ 28,379	\$ 181,433	\$ 720	\$ 21,534	\$ 1,733
Receipts:							
Taxes	-	-	11,717	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	192,101	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	957
Other receipts	17,391	-	-	-	-	-	-
Total receipts	<u>17,391</u>	<u>-</u>	<u>11,717</u>	<u>192,101</u>	<u>-</u>	<u>-</u>	<u>957</u>
Disbursements:							
Personal services	-	-	551	213,589	-	-	-
Supplies	-	-	1,500	-	-	-	-
Other services and charges	-	-	881	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	6,322	-	-	-	-	-
Total disbursements	<u>-</u>	<u>6,322</u>	<u>2,932</u>	<u>213,589</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>17,391</u>	<u>(6,322)</u>	<u>8,785</u>	<u>(21,488)</u>	<u>-</u>	<u>-</u>	<u>957</u>
Cash and investments - ending	<u>\$ 74,190</u>	<u>\$ 425</u>	<u>\$ 37,164</u>	<u>\$ 159,945</u>	<u>\$ 720</u>	<u>\$ 21,534</u>	<u>\$ 2,690</u>

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

	FAMILY AND CHILDREN	STATE FAIR	JEFFERSON CO ORDINANCE FEE	CITY & TOWN COURT COST	TREASURER CASH BOOK	CLERK CASH BOOK	SHERIFF COMMISSARY
Cash and investments - beginning	\$ 4	\$ (2,304)	\$ 1,618	\$ (263)	\$ 369,009	\$ 770,050	\$ 65,762
Receipts:							
Taxes	-	2,304	-	263	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	3,239,659	65,757
Other receipts	-	-	-	-	347,885	-	-
Total receipts	-	2,304	-	263	347,885	3,239,659	65,757
Disbursements:							
Personal services	4	-	2,005	-	-	3,029,494	67,922
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	369,009	-	-
Total disbursements	4	-	2,005	-	369,009	3,029,494	67,922
Excess (deficiency) of receipts over disbursements	(4)	2,304	(2,005)	263	(21,124)	210,165	(2,165)
Cash and investments - ending	\$ -	\$ -	\$ (387)	\$ -	\$ 347,885	\$ 980,215	\$ 63,597

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

	SHERIFF INMATE TRUST	ADMINISTRATIVE FEE PROBATION	CORNERSTONE SOCIETY	JAWS PROGRAM	COMMUNITY TRANS. PROGRAM	LAW ENFORC FED FORFEITURE FUND	ELIZ. RHODES
Cash and investments - beginning	\$ 17,354	\$ 2,565	\$ 1,402	\$ 122	\$ 17,825	\$ 1,611	\$ 5,822
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	331,644	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>331,644</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:							
Personal services	329,914	2,565	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>329,914</u>	<u>2,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>1,730</u>	<u>(2,565)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 19,084</u>	<u>\$ -</u>	<u>\$ 1,402</u>	<u>\$ 122</u>	<u>\$ 17,825</u>	<u>\$ 1,611</u>	<u>\$ 5,822</u>

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

	EXCISE POLICE	JURY FEES	CO CHILD ABUSE FEES	ORD DEF/LOIT	CEDIT	THINK GIS
Cash and investments - beginning	\$ 333	\$ 6,022	\$ 50	\$ 2,998	\$ 2,248,986	\$ 2,000
Receipts:						
Taxes	-	2,262	-	-	2,246,857	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	8	-	-	-	-	-
Total receipts	8	2,262	-	-	2,246,857	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	500,000	-
Other services and charges	-	-	-	-	965,487	-
Debt service - principal and interest	-	-	-	-	824,999	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	-	2,998	-	1,500
Total disbursements	-	-	-	2,998	2,290,486	1,500
Excess (deficiency) of receipts over disbursements	8	2,262	-	(2,998)	(43,629)	(1,500)
Cash and investments - ending	\$ 341	\$ 8,284	\$ 50	\$ -	\$ 2,205,357	\$ 500

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

	EMERGENCY/ RIGHT TO KNOW	PRE-TRIAL DIVERSION	SRI	SURPLUS TAX SALE	JEFF CO WIRELESS EMERGENCY TEL	CASA/GRANT
Cash and investments - beginning	\$ 14,078	\$ 122,704	\$ 14,874	\$ 470,301	\$ 36,245	\$ 1,386
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	5,280	-	-	-	-	-
Charges for services	2,298	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	36,055	2,680	1,003,065	55,009	14,923
Total receipts	7,578	36,055	2,680	1,003,065	55,009	14,923
Disbursements:						
Personal services	-	-	-	-	33,889	-
Supplies	-	7,936	-	-	22,692	-
Other services and charges	-	12,080	-	-	15,356	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	5,101	-	-	-	-
Other disbursements	15,768	-	9,202	542,533	19,317	14,923
Total disbursements	15,768	25,117	9,202	542,533	91,254	14,923
Excess (deficiency) of receipts over disbursements	(8,190)	10,938	(6,522)	460,532	(36,245)	-
Cash and investments - ending	\$ 5,888	\$ 133,642	\$ 8,352	\$ 930,833	\$ -	\$ 1,386

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

	ELECTION & REGISTRATION	INFRACTION DEFERRAL PROGRAM	CEMETERY BOARD DONATIONS	ANIMAL SHELTER DONATION FUND	COURTHOUSE INS REST FUND	EDP/ CASINO REV.
Cash and investments - beginning	\$ 166,946	\$ 1,140	\$ 8,376	\$ -	\$ 30,231	\$ 22,220
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	2,112	-	-	-	-	54,432
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	24,540	5,750	-	30,084	-	-
Total receipts	26,652	5,750	-	30,084	-	54,432
Disbursements:						
Personal services	85,758	-	-	-	-	-
Supplies	18,721	-	-	-	-	-
Other services and charges	13,072	-	-	-	27,066	76,651
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	9,500	-	-	-	6,930	-
Other disbursements	-	2,209	350	-	1	1
Total disbursements	127,051	2,209	350	-	33,997	76,652
Excess (deficiency) of receipts over disbursements	(100,399)	3,541	(350)	30,084	(33,997)	(22,220)
Cash and investments - ending	\$ 66,547	\$ 4,681	\$ 8,026	\$ 30,084	\$ (3,766)	\$ -

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

	SHERIFF RESERVE UNIT FUND	MENTAL HEALTH	TIMBER FUND OF JEFFERSON COUNTY	LOCAL TRUST HEALTH	JEFF CO SHERIFF CONT ED	IND STATE POLICE
Cash and investments - beginning	\$ 436	\$ 823	\$ -	\$ 20,709	\$ (20)	\$ 32,738
Receipts:						
Taxes	-	151,912	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	13,077	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	5,318	20,403	2,771	1,592
Total receipts	-	164,989	5,318	20,403	2,771	1,592
Disbursements:						
Personal services	-	-	-	4,495	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	912	164,246	-	-	2,494	708
Total disbursements	912	164,246	-	4,495	2,494	708
Excess (deficiency) of receipts over disbursements	(912)	743	5,318	15,908	277	884
Cash and investments - ending	\$ (476)	\$ 1,566	\$ 5,318	\$ 36,617	\$ 257	\$ 33,622

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

	DEPT OF NATURAL RESOURCES	CITY OF MADISON	WIC	HOMELAND SEC/SEMA	TITLE IV-D INCENTIVE FUND	Totals
Cash and investments - beginning	\$ 733	\$ 18,008	\$ (9,764)	\$ 38,574	\$ 17,506	\$ 15,522,088
Receipts:						
Taxes	-	-	-	-	-	38,358,187
Licenses and permits	-	-	-	-	-	778,853
Intergovernmental	-	-	-	-	-	5,491,501
Charges for services	-	-	140,138	29,593	11,556	2,257,415
Fines and forfeits	-	-	-	-	-	3,638,967
Other receipts	132	5,108	-	33,604	-	3,914,521
Total receipts	132	5,108	140,138	63,197	11,556	54,439,444
Disbursements:						
Personal services	-	-	141,767	-	-	13,822,537
Supplies	-	-	5,501	-	-	2,255,123
Other services and charges	-	-	5,794	-	-	4,341,406
Debt service - principal and interest	-	-	-	-	-	824,999
Capital outlay	-	-	290	-	-	576,300
Other disbursements	72	22,442	-	62,707	-	31,017,241
Total disbursements	72	22,442	153,352	62,707	-	52,837,606
Excess (deficiency) of receipts over disbursements	60	(17,334)	(13,214)	490	11,556	1,601,838
Cash and investments - ending	\$ 793	\$ 674	\$ (22,978)	\$ 39,064	\$ 29,062	\$ 17,123,926

JEFFERSON COUNTY
 SCHEDULE OF LEASES AND DEBT
 December 31, 2012

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	Jail renovation	<u>\$ 1,935,000</u>	<u>\$ 821,248</u>

JEFFERSON COUNTY
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2012

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	Ending Balance
Governmental activities:	
Land	\$ 1,860,000
Infrastructure	150,000
Buildings	28,990,720
Machinery, equipment, and vehicles	4,744,712
Books and other	4,832,830
Total governmental activities	40,578,262
Total capital assets	\$ 40,578,262

JEFFERSON COUNTY
OTHER REPORTS

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

County Auditor
County Sheriff

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF JEFFERSON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited Jefferson County's (County) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012. The County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

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

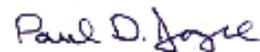
Report on Internal Control Over Compliance

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

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

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

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



Paul D. Joyce, CPA
State Examiner

November 1, 2013

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

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

Federal Grantor Agency/ Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Agriculture</u>				
Special Supplemental Nutrition Program for Women, Infants, and Children Fiscal Year 2012 Contract	Indiana State Department of Health	10.557	WIC 138-1	\$ <u>135,377</u>
<u>Department of Commerce</u>				
ARRA - State Broadband Data and Development Grant Program Broadband	Indiana Office of Technology	11.558	067BROADBAND000	<u>2,000</u>
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster Highway Planning and Construction Bridge #39 Jefferson County Bridge Inspection - Old Contract Jefferson County Bridge Inspection - New Contract	Indiana Department of Transportation	20.205	DES #0500087 DES #0600244 DES #1000018	103,950 51,684 57,668
ARRA - Highway Planning and Construction Resurface Deputy Pike Resurface Old State Road 62	Indiana Department of Transportation	20.205	DES #0901200 DES #0901057	56,582 <u>17,179</u>
Total for cluster				<u>287,063</u>
Highway Safety Cluster State and Community Highway Safety BCC Enforcement Grant DE-12-64	Indiana Criminal Justice Institute	20.600	032NHTSA4022012	<u>3,191</u>
Alcohol Impaired Driving Countermeasures Incentive Grants Operation Pullover	Indiana Criminal Justice Institute	20.601	032NHTSA4102012	<u>4,324</u>
Total for cluster				<u>7,515</u>
Interagency Hazardous Materials Public Sector Training and Planning Grants Commodity Flow Study	Indiana Department of Homeland Security	20.703	C44P-2-188A	<u>3,500</u>
Total - Department of Transportation				<u>11,015</u>
<u>Department of Health and Human Services</u>				
Public Health Emergency Preparedness 2011 Public Health Preparedness and Response for Bioterrorism	Indiana State Department of Health	93.069	UPOTPS17024-11	<u>3,909</u>
Centers for Disease Control and Prevention Investigations and Technical Assistance Bio Preparedness and Response Program Notice of Cooperative Agreement	Indiana State Department of Health	93.283	BPRS 138-70	<u>1,060</u>
Child Support Enforcement Child Support Enforcement	Indiana Department of Child Services	93.563	2012	<u>174,928</u>
Total - Department of Health and Human Services				<u>179,897</u>
<u>Department of Homeland Security</u>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters) April 2011 Flooding, FEMA DR#1997 - Highway Reimbursement March 2012 Tornado, FEMA DR#4058 - Highway Reimbursement March 2012 Tornado, FEMA DR#4058 - Sheriff Reimbursement	Indiana Department of Homeland Security	97.036	385PA1997 385PA4058 385PA4058	218,182 57,596 6,988
Total for program				<u>282,766</u>
Emergency Management Performance Grants Indiana FY 2011 EMPG Project Submission Employee Salary	Indiana Department of Homeland Security	97.042	C44P-2-100A C44P-2-346A	3,623 <u>11,681</u>
Total for program				<u>15,304</u>
Interoperable Emergency Communications Radio Equipment	Indiana Department of Homeland Security	97.055	C44P-2-197A	<u>23,969</u>
Total - Department of Homeland Security				<u>322,039</u>
Total federal awards expended				<u>\$ 937,391</u>

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

JEFFERSON 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 Jefferson 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.

JEFFERSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
97.036	Highway Planning and Construction Cluster Disaster Grants – Public Assistance (Presidentially Declared Disasters)

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 THE PREPARATION OF THE 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.

JEFFERSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

During the audit of the SEFA, we noted the following errors: items were listed that were from a prior period; grants were omitted from the SEFA; and some grants were listed with the incorrect amounts. Audit adjustments were proposed, accepted by the County, and made to the SEFA presented in this report. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statement.

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

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

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

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

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

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.

JEFFERSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (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."

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.



11-1-13

Finding No. 2012-1 INTERNAL CONTROLS OVER THE PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Contact Person: Celeste Reed

Title: Auditor

Phone Number: 812-265-8942

In the future the Auditor will have a Commissioner review the SEFA Grant Report before submitting it to the State of Indiana.

Signed by,

A handwritten signature in cursive script that reads "Celeste Reed".

Celeste Reed

JEFFERSON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on November 1, 2013, with Celeste G. Reed, Auditor; Thomas Pietrykowski, President of the Board of County Commissioners; and Judy L. Smith, County Council member. The officials concurred with our audit findings.