

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF
SPENCER COUNTY, INDIANA
January 1, 2013 to December 31, 2013



FILED
06/06/2014

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
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 <i>Government Auditing Standards</i>	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	10-11
Notes to Financial Statement	12-16
Supplementary Information - Unaudited:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	18-37
Schedule of Leases and Debt	38
Schedule of Capital Assets.....	39
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance.....	42-43
Schedule of Expenditures of Federal Awards and Accompanying Note:	
Schedule of Expenditures of Federal Awards.....	46
Note to Schedule of Expenditures of Federal Awards	47
Schedule of Findings and Questioned Costs	48

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Betty Jane Lynam	04-10-12 to 12-31-14
Treasurer	Susan Harris	01-01-13 to 12-31-16
Clerk	Gay Ann Harney	01-01-13 to 12-31-16
Sheriff	Kermit Lindsey, Jr.	01-01-11 to 12-31-14
Recorder	Sharon Dugas	01-01-13 to 12-31-16
President of the Board of County Commissioners	David J. Gogel	01-01-13 to 12-31-14
President of the County Council	Jack N. Kroeger	01-01-13 to 12-31-14



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

TO: THE OFFICIALS OF SPENCER COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of Spencer County (County), which comprises the financial position and results of operations for the year ended December 31, 2013, 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, 2013.

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, 2013, 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 May 8, 2014, 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.

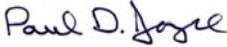
Accompanying Information

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.


Paul D. Joyce, CPA
State Examiner

May 8, 2014



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 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 SPENCER 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 Spencer County (County), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement, and have issued our report thereon dated May 8, 2014, 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.

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. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

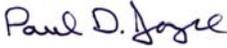
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

May 8, 2014

(This page intentionally left blank.)

FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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.

SPENCER COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2013

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
After Settlement Collections	\$ 196,991	\$ 300,268	\$ 196,991	\$ 300,268
Spencer Co Inmate Trust	1,563	70,416	68,359	3,620
Spencer Co Commissary	49,596	81,993	77,181	54,408
Clerk Trust	565,721	1,568,289	1,447,503	686,507
General	3,181,087	7,032,047	7,324,951	2,888,183
Accident Report	5,720	1,670	-	7,390
Animal Control	15,828	1,589	-	17,417
CEDIT Special Legislation	2,574,643	1,743,178	1,680,064	2,637,757
CEDIT County Share	-	2,073,989	2,073,989	-
Child Advocacy	200	78	-	278
City and Town Court Costs	459	6,019	6,056	422
Clerk's Records Perpetuation	13,106	8,419	4,204	17,321
COIT Special Legislation	2,217,961	756,744	603,336	2,371,369
COIT County Distributive Shares	-	1,210,662	1,210,662	-
Community Corrections	101,904	79,843	77,454	104,293
Congressional School Interest	53,355	221	1,008	52,568
Congressional School Principal	1	-	-	1
Prisoner Reimbursement For Incarceration	1,640	990	-	2,630
Covered Bridge	12,467	925	-	13,392
Cumulative Bridge	891,502	306,263	353,964	843,801
Cumulative Capital Development	219,784	232,952	170,556	282,180
Cumulative Voting System	1,817	14,599	2,513	13,903
Drug Free Community	13,350	15,897	16,672	12,575
Electronic Map Generation	1,030	250	-	1,280
Enhanced Access	4,704	9,348	8,772	5,280
Firearms Training	25,271	13,780	31,942	7,109
Health	140,485	306,761	280,639	166,607
Identification Security Protection	10,204	2,024	1,160	11,068
Levy Excess	53,762	-	-	53,762
Local Health Maintenance	96,909	33,139	24,623	105,425
Local Road and Street	86,563	202,010	197,795	90,778
Medical Care for Inmates	4,507	3,785	5,405	2,887
Misdemeanant	13,872	14,262	12,957	15,177
Motor Vehicle Highway	1,273,792	2,084,420	1,584,055	1,774,157
Plat Book	33,422	7,690	3,600	37,512
Rainy Day	41,774	11,000	3,730	49,044
Reassessment	-	93,624	74,264	19,360
Reassessment 2015	319,314	138,825	246,083	212,056
Recorder's Records Perpetuation	126,557	44,608	29,589	141,576
Riverboat	71,360	124,118	72,973	122,505
Sex and Violent Offender Administration	1,516	1,700	1,462	1,754
Surplus Tax	22,027	21,221	25,019	18,229
Surveyor's Corner Perpetuation	44,782	4,640	5,250	44,172
Tax Sale Fees	1,588	11,572	10,004	3,156
Tax Sale Redemption	2,090	32,880	32,880	2,090
Tax Sale Surplus	64,379	102,872	103,329	63,922
Tobacco Settlement Local Health	146,358	8,361	7,499	147,220
Victim Impact Program	2,971	-	-	2,971
GAL/CASA	-	23,895	8,689	15,206
Election and Registration	24,510	-	-	24,510
Auditors Ineligible Deductions	39,854	-	-	39,854
County Elected Officials Train	3,148	2,024	60	5,112
Statewide 911	201,662	366,156	280,599	287,219
Adult Probation Administrative	55,675	29,416	54,864	30,227
County User Fee	84,003	4,904	1,468	87,439
Drain Construction Reconstruction	131,826	-	-	131,826
Drainage Maintenance	183,776	40,609	46,750	177,635
Sheriff Sale Administration	14,080	6,000	8,625	11,455
Health Clinic	18,702	28,600	12,779	34,523
Self-Insurance	102,026	1,517,417	1,437,278	182,165
Payroll Withholding - Insurance	-	390,268	390,268	-
Payroll Withholding - Other	-	134,449	134,449	-

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

SPENCER COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2013
(Continued)

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
Payroll Withholding - Deferred Compensation	-	47,420	47,420	-
Payroll Withholding - Federal	-	370,931	370,931	-
Payroll Withholding - FICA & Medicare	-	616,020	616,020	-
Payroll Withholding - Local Tax	-	31,502	31,502	-
Payroll Withholding - PERF	237	443,369	443,110	496
Payroll Withholding - Sheriff Pension	-	22,957	22,957	-
Payroll Withholding - State	-	129,985	129,985	-
Payroll Withholding - Union Dues	-	6,774	6,774	-
Payroll Withholding - Wage Garnishments	-	13,116	13,116	-
Settlement	-	21,093,401	21,093,401	-
CVET Agency	-	170,778	170,778	-
Final Excise Tax Cut Replacement Due State	-	759,620	759,620	-
Weed Lien Collections	-	691	691	-
Sewage Collections	60	10,450	10,510	-
Financial Institution Tax	-	25,891	25,891	-
COIT Homestead	1	164,897	164,898	-
HEA 1001 State Homestead Credit	(472)	-	-	(472)
State Fines and Forfeitures	296	2,043	1,945	394
Infraction Judgements	1,043	14,043	14,358	728
Overweight Vehicle Fines	-	5	5	-
Special Death Benefit	45	1,285	1,275	55
Sales Disclosure - State Share	250	2,640	2,615	275
Coroners Training & Con't Education	207	1,029	1,162	74
Interstate Compact - State Share	-	663	663	-
Mortgage Recording Fees - State Share	233	2,583	2,658	158
DLGF Homestead Property Database	2	-	2	-
Child Restraint Violations Fines	25	75	100	-
Inheritance Tax	69,103	135,058	204,161	-
Education Plate Fees Agency	-	281	281	-
Innkeepers Tax Collections	10,448	333,768	335,121	9,095
93.563 ARRA Clerk IV-D Incentive	7,413	-	663	6,750
93.563 Title IV-D Incentive	23,830	9,695	-	33,525
93.563 Prosecutor IV-D Incentive-Post Oct '99	28,268	14,587	949	41,906
93.563 Clerk IV-D Incentive-Post Oct '99	9,876	9,695	8,921	10,650
PreTrial Diversion	129,001	103,453	77,803	154,651
Drug Court Grant (new)	8,273	20,361	37,312	(8,678)
Brownfield	-	113,358	113,358	-
Community Corrections Grant 2012	48,325	118,602	166,927	-
Payment in Lieu of Taxes	-	161	161	-
Drug Court Grant (old)	(1,362)	1,362	-	-
Community Corrections Grant 10/11	(488)	-	-	(488)
Co Medical Assist to Wards	2	-	-	2
Welfare HCI	77	-	-	77
Community Corrections Grant 11	1,399	-	1,399	-
Photo ID	40	-	-	40
State Road Relinquish	432,623	-	-	432,623
Anderson River	11,121	-	-	11,121
Community Defense Fund	664	-	-	664
Law Enforcement	14,473	6,866	10,815	10,524
Local Emergency Plan Commission	7,882	3,897	3,424	8,355
Property Maintenance	2,584	2,983	1,238	4,329
Emergency Management	7,372	-	5,585	1,787
SC EMA Search and Resuce	7,201	-	181	7,020
Federal Topic	16,901	-	16,901	-
Clerk ISETS	327	332,729	329,684	3,372
Community Corrections 13/14	-	152,494	138,291	14,203
St Meinrad Utilities Grant	-	425,037	425,037	-
Spencer Co Benefits Trust	(100)	100	-	-
Co Law Enforcement Continuing Ed	1,534	708	830	1,412
Jury Pay	32,125	3,578	4,362	31,341
Totals	\$ 14,438,033	\$ 47,044,620	\$ 46,270,113	\$ 15,212,540

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

SPENCER 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 (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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.

SPENCER COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the County.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

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

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

E. Disbursements

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

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

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

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

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

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

SPENCER 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.

SPENCER COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

SPENCER COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

B. County Police Retirement Plan

Plan Description

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

Funding Policy

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

C. County Police Benefit Plan

Plan Description

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

Funding Policy

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. Two of the funds are a result of those funds being set up for reimbursable grants. The reimbursements for expenditures made by the County were not received by December 31, 2013. The HEA 1001 State Homestead Credit fund has a cash balance deficit due to the nature of the fund.

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.

SPENCER COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013

	After Settlement Collections	Spencer Co Inmate Trust	Spencer Co Commissary	Clerk Trust	General	Accident Report	Animal Control
Cash and investments - beginning	\$ 196,991	\$ 1,563	\$ 49,596	\$ 565,721	\$ 3,181,087	\$ 5,720	\$ 15,828
Receipts:							
Taxes	-	-	-	-	6,333,399	-	-
Licenses and permits	-	-	-	-	26,384	-	-
Intergovernmental	-	-	-	-	229,409	-	-
Charges for services	-	-	-	-	277,137	-	-
Fines and forfeits	-	-	-	-	25	-	-
Other receipts	300,268	70,416	81,993	1,568,289	165,693	1,670	1,589
Total receipts	300,268	70,416	81,993	1,568,289	7,032,047	1,670	1,589
Disbursements:							
Personal services	-	-	-	-	4,842,122	-	-
Supplies	-	-	-	-	232,605	-	-
Other services and charges	-	-	-	-	2,150,854	-	-
Capital outlay	-	-	-	-	99,370	-	-
Other disbursements	196,991	68,359	77,181	1,447,503	-	-	-
Total disbursements	196,991	68,359	77,181	1,447,503	7,324,951	-	-
Excess (deficiency) of receipts over disbursements	103,277	2,057	4,812	120,786	(292,904)	1,670	1,589
Cash and investments - ending	\$ 300,268	\$ 3,620	\$ 54,408	\$ 686,507	\$ 2,888,183	\$ 7,390	\$ 17,417

SPENCER COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	CEDIT Special Legislation	CEDIT County Share	Child Advocacy	City and Town Court Costs	Clerk's Records Perpetuation	COIT Special Legislation	COIT County Distributive Shares
Cash and investments - beginning	\$ 2,574,643	\$ -	\$ 200	\$ 459	\$ 13,106	\$ 2,217,961	\$ -
Receipts:							
Taxes	1,743,178	2,073,989	-	-	-	754,722	1,210,662
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	8,419	-	-
Fines and forfeits	-	-	-	6,019	-	-	-
Other receipts	-	-	78	-	-	2,022	-
Total receipts	<u>1,743,178</u>	<u>2,073,989</u>	<u>78</u>	<u>6,019</u>	<u>8,419</u>	<u>756,744</u>	<u>1,210,662</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	303,336	-
Capital outlay	-	-	-	-	-	300,000	-
Other disbursements	1,680,064	2,073,989	-	6,056	4,204	-	1,210,662
Total disbursements	<u>1,680,064</u>	<u>2,073,989</u>	<u>-</u>	<u>6,056</u>	<u>4,204</u>	<u>603,336</u>	<u>1,210,662</u>
Excess (deficiency) of receipts over disbursements	<u>63,114</u>	<u>-</u>	<u>78</u>	<u>(37)</u>	<u>4,215</u>	<u>153,408</u>	<u>-</u>
Cash and investments - ending	<u>\$ 2,637,757</u>	<u>\$ -</u>	<u>\$ 278</u>	<u>\$ 422</u>	<u>\$ 17,321</u>	<u>\$ 2,371,369</u>	<u>\$ -</u>

SPENCER COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Community Corrections	Congressional School Interest	Congressional School Principal	Prisoner Reimbursement For Incarceration	Covered Bridge	Cumulative Bridge	Cumulative Capital Development
Cash and investments - beginning	\$ 101,904	\$ 53,355	\$ 1	\$ 1,640	\$ 12,467	\$ 891,502	\$ 219,784
Receipts:							
Taxes	-	-	-	-	-	268,000	218,478
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	1,813	1,478
Charges for services	72,198	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	7,645	221	-	990	925	36,450	12,996
Total receipts	<u>79,843</u>	<u>221</u>	<u>-</u>	<u>990</u>	<u>925</u>	<u>306,263</u>	<u>232,952</u>
Disbursements:							
Personal services	21,196	-	-	-	-	147,096	-
Supplies	5,767	-	-	-	-	162,130	-
Other services and charges	49,041	-	-	-	-	34,738	63,650
Capital outlay	1,450	-	-	-	-	10,000	106,906
Other disbursements	-	1,008	-	-	-	-	-
Total disbursements	<u>77,454</u>	<u>1,008</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>353,964</u>	<u>170,556</u>
Excess (deficiency) of receipts over disbursements	<u>2,389</u>	<u>(787)</u>	<u>-</u>	<u>990</u>	<u>925</u>	<u>(47,701)</u>	<u>62,396</u>
Cash and investments - ending	<u>\$ 104,293</u>	<u>\$ 52,568</u>	<u>\$ 1</u>	<u>\$ 2,630</u>	<u>\$ 13,392</u>	<u>\$ 843,801</u>	<u>\$ 282,180</u>

SPENCER COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Cumulative Voting System	Drug Free Community	Electronic Map Generation	Enhanced Access	Firearms Training	Health
Cash and investments - beginning	\$ 1,817	\$ 13,350	\$ 1,030	\$ 4,704	\$ 25,271	\$ 140,485
Receipts:						
Taxes	-	-	-	-	-	253,435
Licenses and permits	-	-	250	-	13,780	-
Intergovernmental	14,599	-	-	-	-	1,714
Charges for services	-	-	-	9,348	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	15,897	-	-	-	51,612
Total receipts	<u>14,599</u>	<u>15,897</u>	<u>250</u>	<u>9,348</u>	<u>13,780</u>	<u>306,761</u>
Disbursements:						
Personal services	-	-	-	-	-	222,850
Supplies	-	-	-	-	-	1,959
Other services and charges	-	-	-	8,772	-	55,830
Capital outlay	-	-	-	-	-	-
Other disbursements	2,513	16,672	-	-	31,942	-
Total disbursements	<u>2,513</u>	<u>16,672</u>	<u>-</u>	<u>8,772</u>	<u>31,942</u>	<u>280,639</u>
Excess (deficiency) of receipts over disbursements	<u>12,086</u>	<u>(775)</u>	<u>250</u>	<u>576</u>	<u>(18,162)</u>	<u>26,122</u>
Cash and investments - ending	<u>\$ 13,903</u>	<u>\$ 12,575</u>	<u>\$ 1,280</u>	<u>\$ 5,280</u>	<u>\$ 7,109</u>	<u>\$ 166,607</u>

SPENCER COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Identification Security Protection	Levy Excess	Local Health Maintenance	Local Road and Street	Medical Care for Inmates	Misdemeanant
Cash and investments - beginning	\$ 10,204	\$ 53,762	\$ 96,909	\$ 86,563	\$ 4,507	\$ 13,872
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	33,139	202,010	-	-
Charges for services	2,024	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	-	-	3,785	14,262
Total receipts	<u>2,024</u>	<u>-</u>	<u>33,139</u>	<u>202,010</u>	<u>3,785</u>	<u>14,262</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	5,693	197,795	-	-
Other services and charges	1,160	-	9,780	-	5,405	-
Capital outlay	-	-	9,150	-	-	8,457
Other disbursements	-	-	-	-	-	4,500
Total disbursements	<u>1,160</u>	<u>-</u>	<u>24,623</u>	<u>197,795</u>	<u>5,405</u>	<u>12,957</u>
Excess (deficiency) of receipts over disbursements	<u>864</u>	<u>-</u>	<u>8,516</u>	<u>4,215</u>	<u>(1,620)</u>	<u>1,305</u>
Cash and investments - ending	<u>\$ 11,068</u>	<u>\$ 53,762</u>	<u>\$ 105,425</u>	<u>\$ 90,778</u>	<u>\$ 2,887</u>	<u>\$ 15,177</u>

SPENCER COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Motor Vehicle Highway	Plat Book	Rainy Day	Reassessment	Reassessment 2015	Recorder's Records Perpetuation
Cash and investments - beginning	\$ 1,273,792	\$ 33,422	\$ 41,774	\$ -	\$ 319,314	\$ 126,557
Receipts:						
Taxes	-	-	-	-	136,913	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	2,057,552	-	-	-	926	-
Charges for services	-	7,690	-	-	-	44,608
Fines and forfeits	-	-	-	-	-	-
Other receipts	26,868	-	11,000	93,624	986	-
Total receipts	<u>2,084,420</u>	<u>7,690</u>	<u>11,000</u>	<u>93,624</u>	<u>138,825</u>	<u>44,608</u>
Disbursements:						
Personal services	814,323	-	-	66,095	34,964	12,969
Supplies	514,843	-	-	-	3,091	8,434
Other services and charges	217,691	3,600	3,730	8,169	114,404	356
Capital outlay	37,198	-	-	-	-	7,690
Other disbursements	-	-	-	-	93,624	140
Total disbursements	<u>1,584,055</u>	<u>3,600</u>	<u>3,730</u>	<u>74,264</u>	<u>246,083</u>	<u>29,589</u>
Excess (deficiency) of receipts over disbursements	<u>500,365</u>	<u>4,090</u>	<u>7,270</u>	<u>19,360</u>	<u>(107,258)</u>	<u>15,019</u>
Cash and investments - ending	<u>\$ 1,774,157</u>	<u>\$ 37,512</u>	<u>\$ 49,044</u>	<u>\$ 19,360</u>	<u>\$ 212,056</u>	<u>\$ 141,576</u>

SPENCER COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Riverboat	Sex and Violent Offender Administration	Surplus Tax	Surveyor's Corner Perpetuation	Tax Sale Fees	Tax Sale Redemption
Cash and investments - beginning	\$ 71,360	\$ 1,516	\$ 22,027	\$ 44,782	\$ 1,588	\$ 2,090
Receipts:						
Taxes	-	-	21,221	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	124,118	-	-	-	-	-
Charges for services	-	-	-	4,640	11,572	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	1,700	-	-	-	32,880
Total receipts	<u>124,118</u>	<u>1,700</u>	<u>21,221</u>	<u>4,640</u>	<u>11,572</u>	<u>32,880</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	250	-	-
Other services and charges	-	-	-	5,000	10,004	-
Capital outlay	-	-	-	-	-	-
Other disbursements	72,973	1,462	25,019	-	-	32,880
Total disbursements	<u>72,973</u>	<u>1,462</u>	<u>25,019</u>	<u>5,250</u>	<u>10,004</u>	<u>32,880</u>
Excess (deficiency) of receipts over disbursements	<u>51,145</u>	<u>238</u>	<u>(3,798)</u>	<u>(610)</u>	<u>1,568</u>	<u>-</u>
Cash and investments - ending	<u>\$ 122,505</u>	<u>\$ 1,754</u>	<u>\$ 18,229</u>	<u>\$ 44,172</u>	<u>\$ 3,156</u>	<u>\$ 2,090</u>

SPENCER COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Tax Sale Surplus	Tobacco Settlement Local Health	Victim Impact Program	GAL/CASA	Election and Registration	Auditors Ineligible Deductions
Cash and investments - beginning	\$ 64,379	\$ 146,358	\$ 2,971	\$ -	\$ 24,510	\$ 39,854
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	8,361	-	15,295	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	102,872	-	-	8,600	-	-
Total receipts	102,872	8,361	-	23,895	-	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	103,329	7,499	-	8,689	-	-
Total disbursements	103,329	7,499	-	8,689	-	-
Excess (deficiency) of receipts over disbursements	(457)	862	-	15,206	-	-
Cash and investments - ending	\$ 63,922	\$ 147,220	\$ 2,971	\$ 15,206	\$ 24,510	\$ 39,854

SPENCER COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	County Elected Officials Train	Statewide 911	Adult Probation Administrative	County User Fee	Drain Construction Reconstruction	Drainage Maintenance
Cash and investments - beginning	\$ 3,148	\$ 201,662	\$ 55,675	\$ 84,003	\$ 131,826	\$ 183,776
Receipts:						
Taxes	-	-	-	-	-	40,609
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	79	-	-	-
Charges for services	2,024	366,156	-	-	-	-
Fines and forfeits	-	-	29,337	4,904	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>2,024</u>	<u>366,156</u>	<u>29,416</u>	<u>4,904</u>	<u>-</u>	<u>40,609</u>
Disbursements:						
Personal services	-	175,070	48,378	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	80,699	2,581	-	-	46,750
Capital outlay	-	24,830	905	-	-	-
Other disbursements	60	-	3,000	1,468	-	-
Total disbursements	<u>60</u>	<u>280,599</u>	<u>54,864</u>	<u>1,468</u>	<u>-</u>	<u>46,750</u>
Excess (deficiency) of receipts over disbursements	<u>1,964</u>	<u>85,557</u>	<u>(25,448)</u>	<u>3,436</u>	<u>-</u>	<u>(6,141)</u>
Cash and investments - ending	<u>\$ 5,112</u>	<u>\$ 287,219</u>	<u>\$ 30,227</u>	<u>\$ 87,439</u>	<u>\$ 131,826</u>	<u>\$ 177,635</u>

SPENCER COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Sheriff Sale Administration	Health Clinic	Self-Insurance	Payroll Withholding - Insurance	Payroll Withholding - Other	Payroll Withholding - Deferred Compensation
Cash and investments - beginning	\$ 14,080	\$ 18,702	\$ 102,026	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	6,000	28,600	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	1,517,417	390,268	134,449	47,420
Total receipts	<u>6,000</u>	<u>28,600</u>	<u>1,517,417</u>	<u>390,268</u>	<u>134,449</u>	<u>47,420</u>
Disbursements:						
Personal services	4,875	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	3,750	12,779	1,437,278	390,268	134,449	47,420
Total disbursements	<u>8,625</u>	<u>12,779</u>	<u>1,437,278</u>	<u>390,268</u>	<u>134,449</u>	<u>47,420</u>
Excess (deficiency) of receipts over disbursements	<u>(2,625)</u>	<u>15,821</u>	<u>80,139</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 11,455</u>	<u>\$ 34,523</u>	<u>\$ 182,165</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SPENCER COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Payroll Withholding - Federal	Payroll Withholding - FICA & Medicare	Payroll Withholding - Local Tax	Payroll Withholding - PERF	Payroll Withholding - Sheriff Pension	Payroll Withholding - State
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 237	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	370,931	616,020	31,502	443,369	22,957	129,985
Total receipts	<u>370,931</u>	<u>616,020</u>	<u>31,502</u>	<u>443,369</u>	<u>22,957</u>	<u>129,985</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	370,931	616,020	31,502	443,110	22,957	129,985
Total disbursements	<u>370,931</u>	<u>616,020</u>	<u>31,502</u>	<u>443,110</u>	<u>22,957</u>	<u>129,985</u>
Excess (deficiency) of receipts over disbursements	-	-	-	259	-	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 496</u>	<u>\$ -</u>	<u>\$ -</u>

SPENCER COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Payroll Withholding - Union Dues	Payroll Withholding - Wage Garnishments	Settlement	CVET Agency	Final Excise Tax Cut Replacement Due State	Weed Lien Collections
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	21,093,401	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	170,778	759,620	-
Charges for services	-	-	-	-	-	691
Fines and forfeits	-	-	-	-	-	-
Other receipts	6,774	13,116	-	-	-	-
Total receipts	<u>6,774</u>	<u>13,116</u>	<u>21,093,401</u>	<u>170,778</u>	<u>759,620</u>	<u>691</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	6,774	13,116	21,093,401	170,778	759,620	691
Total disbursements	<u>6,774</u>	<u>13,116</u>	<u>21,093,401</u>	<u>170,778</u>	<u>759,620</u>	<u>691</u>
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SPENCER COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Sewage Collections	Financial Institution Tax	COIT Homestead	HEA 1001 State Homestead Credit	State Fines and Forfeitures	Infraction Judgements
Cash and investments - beginning	\$ 60	\$ -	\$ 1	\$ (472)	\$ 296	\$ 1,043
Receipts:						
Taxes	-	-	164,897	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	25,891	-	-	-	-
Charges for services	10,450	-	-	-	-	-
Fines and forfeits	-	-	-	-	2,043	14,043
Other receipts	-	-	-	-	-	-
Total receipts	<u>10,450</u>	<u>25,891</u>	<u>164,897</u>	<u>-</u>	<u>2,043</u>	<u>14,043</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	10,510	25,891	164,898	-	1,945	14,358
Total disbursements	<u>10,510</u>	<u>25,891</u>	<u>164,898</u>	<u>-</u>	<u>1,945</u>	<u>14,358</u>
Excess (deficiency) of receipts over disbursements	<u>(60)</u>	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>98</u>	<u>(315)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (472)</u>	<u>\$ 394</u>	<u>\$ 728</u>

SPENCER COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Overweight Vehicle Fines	Special Death Benefit	Sales Disclosure - State Share	Coroners Training & Con't Education	Interstate Compact - State Share	Mortgage Recording Fees - State Share
Cash and investments - beginning	\$ -	\$ 45	\$ 250	\$ 207	\$ -	\$ 233
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	1,285	2,640	1,029	-	2,583
Fines and forfeits	5	-	-	-	663	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>5</u>	<u>1,285</u>	<u>2,640</u>	<u>1,029</u>	<u>663</u>	<u>2,583</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	5	1,275	2,615	1,162	663	2,658
Total disbursements	<u>5</u>	<u>1,275</u>	<u>2,615</u>	<u>1,162</u>	<u>663</u>	<u>2,658</u>
Excess (deficiency) of receipts over disbursements	-	10	25	(133)	-	(75)
Cash and investments - ending	<u>\$ -</u>	<u>\$ 55</u>	<u>\$ 275</u>	<u>\$ 74</u>	<u>\$ -</u>	<u>\$ 158</u>

SPENCER COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	DLGF Homestead Property Database	Child Restraint Violations Fines	Inheritance Tax	Education Plate Fees Agency	Innkeepers Tax Collections	93.563 ARRA Clerk IV-D Incentive
Cash and investments - beginning	\$ 2	\$ 25	\$ 69,103	\$ -	\$ 10,448	\$ 7,413
Receipts:						
Taxes	-	-	-	-	333,768	-
Licenses and permits	-	-	-	281	-	-
Intergovernmental	-	-	135,058	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	75	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>75</u>	<u>135,058</u>	<u>281</u>	<u>333,768</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	2	100	204,161	281	335,121	663
Total disbursements	<u>2</u>	<u>100</u>	<u>204,161</u>	<u>281</u>	<u>335,121</u>	<u>663</u>
Excess (deficiency) of receipts over disbursements	<u>(2)</u>	<u>(25)</u>	<u>(69,103)</u>	<u>-</u>	<u>(1,353)</u>	<u>(663)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,095</u>	<u>\$ 6,750</u>

SPENCER COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	93.563 Title IV-D Incentive	93.563 Prosecutor IV-D Incentive-Post Oct '99	93.563 Clerk IV-D Incentive-Post Oct '99	PreTrial Diversion	Drug Court Grant (new)	Brownfield
Cash and investments - beginning	\$ 23,830	\$ 28,268	\$ 9,876	\$ 129,001	\$ 8,273	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	9,695	14,587	9,695	21,460	19,508	113,358
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	81,441	-	-
Other receipts	-	-	-	552	853	-
Total receipts	<u>9,695</u>	<u>14,587</u>	<u>9,695</u>	<u>103,453</u>	<u>20,361</u>	<u>113,358</u>
Disbursements:						
Personal services	-	-	-	43,620	14,460	-
Supplies	-	-	-	3,450	2,176	-
Other services and charges	-	-	-	30,733	17,101	-
Capital outlay	-	-	-	-	3,575	-
Other disbursements	-	949	8,921	-	-	113,358
Total disbursements	<u>-</u>	<u>949</u>	<u>8,921</u>	<u>77,803</u>	<u>37,312</u>	<u>113,358</u>
Excess (deficiency) of receipts over disbursements	<u>9,695</u>	<u>13,638</u>	<u>774</u>	<u>25,650</u>	<u>(16,951)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 33,525</u>	<u>\$ 41,906</u>	<u>\$ 10,650</u>	<u>\$ 154,651</u>	<u>\$ (8,678)</u>	<u>\$ -</u>

SPENCER COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Community Corrections Grant 2012	Payment In Lieu Taxes	Drug Court Grant (old)	Community Corrections Grant 10/11	Co Medical Assist to Wards	Welfare HCI
Cash and investments - beginning	\$ 48,325	\$ -	\$ (1,362)	\$ (488)	\$ 2	\$ 77
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	118,577	161	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	25	-	1,362	-	-	-
Total receipts	<u>118,602</u>	<u>161</u>	<u>1,362</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:						
Personal services	166,889	-	-	-	-	-
Supplies	38	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	161	-	-	-	-
Total disbursements	<u>166,927</u>	<u>161</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(48,325)</u>	<u>-</u>	<u>1,362</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (488)</u>	<u>\$ 2</u>	<u>\$ 77</u>

SPENCER COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Community Corrections Grant 11	Photo ID	State Road Relinquish	Anderson River	Community Defense Fund	Law Enforcement
Cash and investments - beginning	\$ 1,399	\$ 40	\$ 432,623	\$ 11,121	\$ 664	\$ 14,473
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	6,866
Other receipts	-	-	-	-	-	-
Total receipts	-	-	-	-	-	6,866
Disbursements:						
Personal services	-	-	-	-	-	8,815
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	2,000
Other disbursements	1,399	-	-	-	-	-
Total disbursements	1,399	-	-	-	-	10,815
Excess (deficiency) of receipts over disbursements	(1,399)	-	-	-	-	(3,949)
Cash and investments - ending	\$ -	\$ 40	\$ 432,623	\$ 11,121	\$ 664	\$ 10,524

SPENCER COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Local Emergency Plan Commission	Property Maintenance	Emergency Management	SC EMA Search and Resuce	Federal Topic	Clerk ISETS
Cash and investments - beginning	\$ 7,882	\$ 2,584	\$ 7,372	\$ 7,201	\$ 16,901	\$ 327
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	3,897	2,983	-	-	-	332,729
Total receipts	3,897	2,983	-	-	-	332,729
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	5,585	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	3,424	1,238	-	181	16,901	329,684
Total disbursements	3,424	1,238	5,585	181	16,901	329,684
Excess (deficiency) of receipts over disbursements	473	1,745	(5,585)	(181)	(16,901)	3,045
Cash and investments - ending	\$ 8,355	\$ 4,329	\$ 1,787	\$ 7,020	\$ -	\$ 3,372

SPENCER COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Community Corrections 13/14	St Meinrad Utilities Grant	Spencer Co Benefits Trust	Co Law Enforcement Continuing Ed	Jury Pay	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (100)	\$ 1,534	\$ 32,125	\$ 14,438,033
Receipts:						
Taxes	-	-	-	-	-	34,646,672
Licenses and permits	-	-	-	-	-	40,695
Intergovernmental	152,494	425,037	-	-	-	4,666,412
Charges for services	-	-	-	-	-	859,094
Fines and forfeits	-	-	-	-	3,578	148,999
Other receipts	-	-	100	708	-	6,682,748
Total receipts	<u>152,494</u>	<u>425,037</u>	<u>100</u>	<u>708</u>	<u>3,578</u>	<u>47,044,620</u>
Disbursements:						
Personal services	124,652	-	-	-	-	6,748,374
Supplies	4,159	-	-	-	-	1,142,390
Other services and charges	9,480	-	-	-	4,362	3,242,811
Capital outlay	-	-	-	-	-	611,531
Other disbursements	-	425,037	-	830	-	34,525,007
Total disbursements	<u>138,291</u>	<u>425,037</u>	<u>-</u>	<u>830</u>	<u>4,362</u>	<u>46,270,113</u>
Excess (deficiency) of receipts over disbursements	<u>14,203</u>	<u>-</u>	<u>100</u>	<u>(122)</u>	<u>(784)</u>	<u>774,507</u>
Cash and investments - ending	<u>\$ 14,203</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,412</u>	<u>\$ 31,341</u>	<u>\$ 15,212,540</u>

SPENCER COUNTY
SCHEDULE OF LEASES AND DEBT
December 31, 2013

<u>Lessor</u>	<u>Purpose</u>	<u>Annual Lease Payment</u>	<u>Lease Beginning Date</u>	<u>Lease Ending Date</u>
Governmental activities:				
Freedom Bank	2012 Ambulance	\$ 27,860	07-14-14	07-14-16
PNC Equipment Finance	2010 Ambulance	<u>31,156</u>	07-07-11	07-07-14
Total governmental activities		<u>59,016</u>		
Total of annual lease payments		<u><u>\$ 59,016</u></u>		

SPENCER COUNTY
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2013

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	\$ 209,050
Infrastructure	101,900,555
Buildings	4,928,545
Machinery, equipment, and vehicles	6,677,051
Total governmental activities	113,715,201
Total capital assets	\$ 113,715,201

(This page intentionally left blank.)

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 SPENCER COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited Spencer 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, 2013. 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, 2013.

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

Report on Internal Control Over Compliance

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

May 8, 2014

(This page intentionally left blank.)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTE

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

SPENCER COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2013

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
Department of Commerce				
ARRA - State Broadband Data and Development Grant Program ARRA - IOT Broadband	Indiana Office of Technology	11.558	10032481	\$ 2,000
Total - Department of Commerce				<u>2,000</u>
Department of Housing and Urban Development				
CDBG - State-Administered CDBG Cluster Community Development Block Grants/State's Program and Non Entitlement Grants in Hawaii St. Meinrad Utilities Grant	Indiana Office of Community and Rural Affairs	14.228	EDS # A192-13-CF-12-113	<u>425,037</u>
Total - Department of Housing and Urban Development				<u>425,037</u>
Department of Justice				
Crime Victims Assistance VOCA Grant	Indiana Criminal Justice Institute	16.575	2012-VA-GX-0017	<u>21,460</u>
Drug Court Discretionary Grant Program Drug Court Grant	Indiana Criminal Justice Institute	16.585	10-DC-004	<u>23,548</u>
Total - Department of Justice				<u>45,008</u>
Department of Transportation				
Highway Planning and Construction Cluster Highway Planning and Construction Bridge Inspection	Indiana Department of Transportation	20.205	DES #100042	<u>36,450</u>
Total - Department of Transportation				<u>36,450</u>
Environmental Protection Agency				
Brownfields Assessment and Cleanup Cooperative Agreements Brownfield Grant	Direct Grant	66.818	BF-00E00888-0	<u>113,358</u>
Total - Environmental Protection Agency				<u>113,358</u>
Department of Health and Human Services				
Public Health Emergency Preparedness Bioterrorism Preparedness and Response Supplemental	Indiana Department of Health	93.069	EDS # A70-3-0532141	<u>14,380</u>
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements Bioterrorism Preparedness and Response Supplemental	Indiana Department of Health	93.074	EDS # A70-3-0531980	<u>19,666</u>
Centers for Disease Control and Prevention - Investigations and Technical Assistance Bioterrorism Preparedness and Response Supplemental	Indiana Department of Health	93.283	EDS # A70-3-0532141	<u>3,900</u>
Child Support Enforcement IV-D Support	Indiana Department of Child Services	93.563	Clerk Expenses Collection Incentive Indirect Cost Judges Expense Prosecutor Expense	22,933 33,977 11,380 42,727 90,115
Total of program				<u>201,132</u>
Voting Access for Individuals with Disabilities Grants to States Help America Vote Act	Secretary of State	93.617	0630903INVOTE09	<u>2,513</u>
Total - Department of Health and Human Services				<u>241,591</u>
Department of Homeland Security				
Disaster Grants - Public Assistance (Presidentially Declared Disasters) 2013 Hurricane Sandy EMAC	Indiana Department of Homeland Security	97.036	2013 Hurricane Sandy EMAC	<u>6,036</u>
Emergency Management Performance Grants Emergency Management Performance Grants	Indiana Department of Homeland Security	97.042	EDS # C44P--301B EDS # C44P--104B	29,362 4,054
Total of program				<u>33,416</u>
Total - Department of Homeland Security				<u>39,452</u>
Total federal awards expended				<u>\$ 902,896</u>

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

SPENCER 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 Spencer 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.

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

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:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.563	CDBG - State-Administered CDBG Cluster Child Support Enforcement

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

Auditee qualified as low-risk auditee?	no
--	----

Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.