

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

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



FILED
08/01/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Michael L. Wood	01-01-13 to 12-31-16
Treasurer	Tami Snodgrass	01-01-11 to 12-31-14
Clerk	Jeffrey Brothers	01-01-11 to 12-31-14
Sheriff	Chester Richardson III	01-01-11 to 12-31-14
Recorder	Peggy Robertson	01-01-11 to 12-31-14
President of the Board of County Commissioners	Donnie Minnick	01-01-13 to 12-31-14
President of the County Council	Patty Steward	01-01-13 to 12-31-14



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF OWEN COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of Owen 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 21, 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.

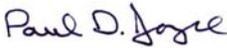
Accompanying Information

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 and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.


Paul D. Joyce, CPA
State Examiner

May 21, 2014



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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 OWEN 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 Owen 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 21, 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.

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 items 2013-001 and 2013-002 to be material weaknesses.

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

Compliance and Other Matters

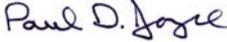
As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2013-001 and 2013-002.

Owen 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

May 21, 2014

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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.

OWEN 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	\$ 313,300	\$ 442,463	\$ 313,300	\$ 442,463
Sheriff's Inmate Trust	4,755	70,724	69,463	6,016
Jail Commissary	31,104	68,617	74,364	25,357
CLERK BANK	337,274	1,894,801	1,908,363	323,712
General	3,906,831	3,039,698	2,861,972	4,084,557
Accident Report	4,162	1,240	400	5,002
CEDIT County Share	1,615,416	834,981	949,979	1,500,418
Clerk's Records Perpetuation	23,388	17,470	12,454	28,404
Community Corrections	30,952	142,790	156,072	17,670
Community Transition Program	1,465	860	1,305	1,020
Congressional School Interest	8,996	53	-	9,049
Congressional School Principal	18,502	-	-	18,502
Sales Disclosure - County Share	8,787	2,865	-	11,652
Cumulative Bridge	1,239,671	313,213	857,675	695,209
Cumulative Capital Development	49,420	120,113	164,457	5,076
Drug Free Community	20,612	20,099	18,729	21,982
Electronic Map Generation	4,567	8,511	8,677	4,401
Emergency Medical Services	481,463	1,053,978	1,070,852	464,589
Emergency Planning/Right To Know	5,255	2,872	2,845	5,282
Emergency Telephone System	63,300	-	63,300	-
Enhanced Access	4,405	7,425	7,570	4,260
Firearms Training	27,236	19,740	10,362	36,614
Health	21,722	110,944	96,110	36,556
Identification Security Protection	4,597	1,856	-	6,453
Levy Excess	2,982	-	-	2,982
Local Health Maintenance	50,894	33,316	58,480	25,730
Local Road and Street	42,803	658,929	681,555	20,177
Motor Vehicle Highway	161,144	1,817,648	1,756,132	222,660
Rainy Day	243,195	-	54,424	188,771
Reassessment - 2009	22,188	-	16,190	5,998
Reassessment - 2015	255,137	201,740	135,707	321,170
Recorder's Records Perpetuation	56,517	40,234	29,444	67,307
Riverboat	297,522	127,809	75,299	350,032
Supplemental Public Defender Services	6,948	65,166	37,808	34,306
Surplus Tax	38,039	25,252	19,518	43,773
Surveyor's Corner Perpetuation	17,036	5,285	-	22,321
Tax Sale Redemption	276	121,544	121,544	276
Tax Sale Surplus	586,825	394,330	540,260	440,895
Local Health Department Trust Account	29,401	8,461	15,566	22,296
Wireless Emergency Telephone System	101,126	-	101,126	-
Court Appointed Special Advocate (CASA)	113,011	6,584	12,619	106,976
Election and Registration	42,543	44,813	48,364	38,992
County Elected Officials Training	2,670	1,856	-	4,526
Statewide 911	108,602	471,708	237,856	342,454
Supplemental Adult Probation Services	160,842	90,200	156,980	94,062
Supplemental Juvenile Probation Services	23,219	4,356	2,070	25,505
Alternative Dispute Resolution	14,242	3,235	5,902	11,575
County User Fee	205,095	40,702	16,843	228,954
EMS Equipment	602	-	-	602
K-9	13,749	-	325	13,424
Recycling	62,043	64,457	112,230	14,270
MASS PROP/PANDEMIC	2,214	-	-	2,214
IT Services	30	-	-	30
DONATION FUND COURTHOUSE LIGHTS	-	100	100	-
REDEVELOPMENT COMMISSION	-	1,360,000	-	1,360,000
PAYROLL CLEARING FUND	35,400	5,305,110	5,593,827	(253,317)
Settlement	57	12,523,318	12,523,345	30
Wheel Tax	-	37,270	41,490	(4,220)
Sur Tax	-	241,820	267,310	(25,490)
CVET Agency	15	134,767	134,767	15
Sewage Collections	140	-	-	140
Financial Institution Tax	-	33,346	33,346	-
HEA 1001 State Homestead Credit	(1,956)	-	-	(1,956)
Homestead Credit Rebate	12,355	-	-	12,355
State Fines and Forfeitures	166	1,436	1,502	100
Infraction Judgments	1,887	25,020	25,139	1,768
Special Death Benefit	95	1,576	1,536	135

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

OWEN 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
Sales Disclosure - State Share	180	2,865	2,820	225
Coroners Training & Con't Education	117	1,491	1,536	72
Interstate Compact - State Share	-	538	475	63
Mortgage Recording Fees - State Share	143	1,730	1,780	93
Child Restraint Violations Fines	25	125	150	-
Forest Restoration	19,099	-	19,099	-
Inheritance Tax	36	179,651	179,261	426
Education Plate Fees Agency	-	131	131	-
Innkeepers Tax Collections	52,049	73,726	50,000	75,775
CAGIT Distribution	-	2,395,537	2,215,161	180,376
CEDIT Distribution	50,288	167,909	167,909	50,288
City/Town Ordinance Violations Fines	32,969	5,669	-	38,638
93.563 Title IV-D ARRA	1,769	-	1,769	-
93.563 Title IV-D Incentive	28,650	8,662	-	37,312
93.563 Prosecutor IV-D Incentive-Post Oct '99	65,718	13,026	1,421	77,323
93.563 Clerk IV-D Incentive-Post Oct '99	19,352	31,250	4,682	45,920
ADULT PROBATION ADMIN.	1,571	15,489	15,010	2,050
EMS DONATION FUND	2,841	1,206	903	3,144
ALLEN HALL - PARAMEDIC FUND	1,215	-	-	1,215
OWEN COUNTY ROAD SIGN FUND	2,400	50	-	2,450
NEXTEL REBANDING	5,947	-	903	5,044
2008 FLOODING DAMAGE	1,204	-	-	1,204
DOCUMENT FEES	13,561	8,173	771	20,963
DOME PRESERVATION	11,851	-	-	11,851
911 READDRESSING	7,912	-	-	7,912
JAIL HOUSING	48,378	27,160	63,915	11,623
BLDG. DEPT. CONTRACTORS FEES	57	-	-	57
BUILDING DEPARTMENT	45,740	69,351	40,515	74,576
INVESTIGATOR'S OFF SPACE RENT	123	-	-	123
FOOD REGISTRATION FUND	31,013	8,085	32,748	6,350
SHERIFF MEDICAL REIMBURSEMENT	6	-	-	6
SHERIFF'S FUEL REIMBURSEMENT	3,626	30,811	34,437	-
EXTENSION OFFICE WORK STUDY	2,823	981	1,172	2,632
TIRE FUND	5,000	-	5,000	-
FUTURE BUILDING FUND	149,126	50	113,875	35,301
SIREN PROJECT FUND	14	-	-	14
STATE SETTLEMENT	773	-	-	773
COUNTY PLANNING RETREAT	393	-	-	393
COURTHOUSE CLOCK TOWER	1,510	-	-	1,510
SAFE ASSURED ID - SHERIFF	2,211	-	-	2,211
VETERAN'S MEMORIAL WALL MAINT.	1,611	675	424	1,862
COMMISSIONER CERTIF. SALE	2,846	75	2,920	1
SPECIAL EVENTS FEES	400	50	-	450
SHERIFF'S PROJECT INCOME	19,700	8,060	5,019	22,741
VEHICLE IDENTIFICATION NUMBER	1,205	1,085	-	2,290
SEX OFFENDER REGISTRY	700	800	-	1,500
PTRC HOLDING FUND	1	574,243	574,243	1
ADA COURTHOUSE GRANT FEDERAL	-	34,511	34,511	-
LAKE HOLLYBROOK GRANT	38,409	281,839	320,247	1
COMMUNITY CORRECTIONS STATE GRANT	(18,594)	177,122	155,555	2,973
GRANT FOR SCHOOL OFFICER	8,229	30,000	17,568	20,661
COPS FAST GRANT EQUIPMENT	1,885	-	-	1,885
OC SOIL AND WATER CONSERVATION	-	10,000	6,722	3,278
SOLID WASTE GRANT	25	-	-	25
OC FAMILY FACILITATION PROJECT	164	3,000	3,164	-
OWEN COUNTY REGIONAL SEWER DISTRICT	996	-	-	996
COMMUNITY FOUNDATION GRANT	502	-	-	502
DRUG COURT	10,429	13,285	5,852	17,862
CERT FUND	1	-	-	1
COURTHOUSE ELECTRICAL GRANT	173	-	-	173
HOMELAND SECURITY	-	3,997	3,997	-
CAR CAMERA FUND	395	-	-	395
EMERGENCY MANAGEMENT FUND	1,253	-	-	1,253
PUBLIC SAFETY FOUNDATION	137	-	-	137
Prosecutor Special Fund	6,732	-	5,065	1,667
Totals	\$ 11,623,123	\$ 36,249,109	\$ 35,597,583	\$ 12,274,649

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

OWEN 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.

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.

OWEN COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

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.

OWEN COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

G. Fund Accounting

Separate funds are established, maintained, and reported by the County. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the County. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the County in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the County submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the County in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

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

OWEN COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

Indiana Public Retirement System
1 North Capitol 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.

OWEN 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. The Payroll Clearing fund deficit balance is a result of the County's participation (as of June 2012) in a self-insured health plan. The self-insured health plan experienced claims in excess of what was anticipated for 2013. Premiums in future renewal periods will be adjusted to actual claim history. Other funds with deficit balances are a result of posting errors made during the transition to a new software program which have been corrected in 2014, and a difference created in the HEA 1001 State Homestead Credit fund several years ago pending correction by the State Auditor.

OWEN COUNTY
 NOTES TO FINANCIAL STATEMENT
 (Continued)

Note 8. Restatements

For the year ended December 31, 2013, certain changes have been made to some of the beginning balances of the financial statements to more appropriately reflect financial activity of the County. The following schedule presents a summary of restated beginning balances.

Fund Name	Balance as of December 31, 2012	Prior Period Adjustment	Balance as of January 1, 2013
Clerk Bank	\$ -	\$ 337,274	\$ 337,274

Note 9. Combined Funds

Funds related to the various payroll withholdings were reported individually in the 2012 financial statement. These same funds were combined into one fund (Payroll Clearing fund) for the 2013 financial statement.

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SUPPLEMENTARY INFORMATION - UNAUDITED

For additional financial information, the County's Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the County which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the County. It is presented as intended by the County.

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

	After Settlement Collections	Sheriff's Inmate Trust	Jail Commissary	CLERK BANK	General	Accident Report	CEDIT County Share
Cash and investments - beginning	\$ 313,300	\$ 4,755	\$ 31,104	\$ 337,274	\$ 3,906,831	\$ 4,162	\$ 1,615,416
Receipts:							
Taxes	-	-	-	-	1,890,194	-	834,981
Intergovernmental	-	-	-	-	460,886	-	-
Charges for services	442,463	70,724	68,617	-	438,904	-	-
Other receipts	-	-	-	1,894,801	249,714	1,240	-
Total receipts	<u>442,463</u>	<u>70,724</u>	<u>68,617</u>	<u>1,894,801</u>	<u>3,039,698</u>	<u>1,240</u>	<u>834,981</u>
Disbursements:							
Personal services	-	-	-	-	1,853,326	-	-
Supplies	-	-	-	-	157,771	-	-
Other services and charges	-	-	-	-	812,445	-	900,625
Capital outlay	-	-	-	-	-	-	49,354
Other disbursements	313,300	69,463	74,364	1,908,363	38,430	400	-
Total disbursements	<u>313,300</u>	<u>69,463</u>	<u>74,364</u>	<u>1,908,363</u>	<u>2,861,972</u>	<u>400</u>	<u>949,979</u>
Excess (deficiency) of receipts over disbursements	<u>129,163</u>	<u>1,261</u>	<u>(5,747)</u>	<u>(13,562)</u>	<u>177,726</u>	<u>840</u>	<u>(114,998)</u>
Cash and investments - ending	<u>\$ 442,463</u>	<u>\$ 6,016</u>	<u>\$ 25,357</u>	<u>\$ 323,712</u>	<u>\$ 4,084,557</u>	<u>\$ 5,002</u>	<u>\$ 1,500,418</u>

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

	Clerk's Records Perpetuation	Community Corrections	Community Transition Program	Congressional School Interest	Congressional School Principal	Sales Disclosure - County Share	Cumulative Bridge
Cash and investments - beginning	\$ 23,388	\$ 30,952	\$ 1,465	\$ 8,996	\$ 18,502	\$ 8,787	\$ 1,239,671
Receipts:							
Taxes	-	-	-	-	-	-	112,681
Intergovernmental	-	-	-	-	-	-	17,480
Charges for services	17,470	142,790	860	-	-	-	-
Other receipts	-	-	-	53	-	2,865	183,052
Total receipts	<u>17,470</u>	<u>142,790</u>	<u>860</u>	<u>53</u>	<u>-</u>	<u>2,865</u>	<u>313,213</u>
Disbursements:							
Personal services	4,443	83,253	-	-	-	-	-
Supplies	8,011	897	-	-	-	-	-
Other services and charges	-	71,922	1,305	-	-	-	857,675
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>12,454</u>	<u>156,072</u>	<u>1,305</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>857,675</u>
Excess (deficiency) of receipts over disbursements	<u>5,016</u>	<u>(13,282)</u>	<u>(445)</u>	<u>53</u>	<u>-</u>	<u>2,865</u>	<u>(544,462)</u>
Cash and investments - ending	<u>\$ 28,404</u>	<u>\$ 17,670</u>	<u>\$ 1,020</u>	<u>\$ 9,049</u>	<u>\$ 18,502</u>	<u>\$ 11,652</u>	<u>\$ 695,209</u>

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

	Cumulative Capital Development	Drug Free Community	Electronic Map Generation	Emergency Medical Services	Emergency Planning/Right To Know	Emergency Telephone System	Enhanced Access
Cash and investments - beginning	\$ 49,420	\$ 20,612	\$ 4,567	\$ 481,463	\$ 5,255	\$ 63,300	\$ 4,405
Receipts:							
Taxes	39,066	-	-	146,698	-	-	-
Intergovernmental	6,060	-	-	22,757	-	-	-
Charges for services	-	-	-	884,523	-	-	-
Other receipts	74,987	20,099	8,511	-	2,872	-	7,425
Total receipts	120,113	20,099	8,511	1,053,978	2,872	-	7,425
Disbursements:							
Personal services	-	-	3,429	708,344	-	-	-
Supplies	-	-	-	129,874	-	-	-
Other services and charges	164,457	-	-	208,120	-	-	-
Capital outlay	-	-	-	24,514	-	-	-
Other disbursements	-	18,729	5,248	-	2,845	63,300	7,570
Total disbursements	164,457	18,729	8,677	1,070,852	2,845	63,300	7,570
Excess (deficiency) of receipts over disbursements	(44,344)	1,370	(166)	(16,874)	27	(63,300)	(145)
Cash and investments - ending	\$ 5,076	\$ 21,982	\$ 4,401	\$ 464,589	\$ 5,282	\$ -	\$ 4,260

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

	Firearms Training	Health	Identification Security Protection	Levy Excess	Local Health Maintenance	Local Road and Street	Motor Vehicle Highway
Cash and investments - beginning	\$ 27,236	\$ 21,722	\$ 4,597	\$ 2,982	\$ 50,894	\$ 42,803	\$ 161,144
Receipts:							
Taxes	-	35,611	-	-	-	-	-
Intergovernmental	-	5,524	-	-	-	290,953	1,794,854
Charges for services	-	15,628	-	-	-	215,976	-
Other receipts	19,740	54,181	1,856	-	33,316	152,000	22,794
Total receipts	<u>19,740</u>	<u>110,944</u>	<u>1,856</u>	<u>-</u>	<u>33,316</u>	<u>658,929</u>	<u>1,817,648</u>
Disbursements:							
Personal services	-	81,910	-	-	15,326	-	903,572
Supplies	-	-	-	-	29,968	-	512,914
Other services and charges	-	14,200	-	-	13,186	681,555	222,396
Capital outlay	-	-	-	-	-	-	117,250
Other disbursements	10,362	-	-	-	-	-	-
Total disbursements	<u>10,362</u>	<u>96,110</u>	<u>-</u>	<u>-</u>	<u>58,480</u>	<u>681,555</u>	<u>1,756,132</u>
Excess (deficiency) of receipts over disbursements	<u>9,378</u>	<u>14,834</u>	<u>1,856</u>	<u>-</u>	<u>(25,164)</u>	<u>(22,626)</u>	<u>61,516</u>
Cash and investments - ending	<u>\$ 36,614</u>	<u>\$ 36,556</u>	<u>\$ 6,453</u>	<u>\$ 2,982</u>	<u>\$ 25,730</u>	<u>\$ 20,177</u>	<u>\$ 222,660</u>

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

	Rainy Day	Reassessment - 2009	Reassessment - 2015	Recorder's Records Perpetuation	Riverboat	Supplemental Public Defender Services	Surplus Tax
Cash and investments - beginning	\$ 243,195	\$ 22,188	\$ 255,137	\$ 56,517	\$ 297,522	\$ 6,948	\$ 38,039
Receipts:							
Taxes	-	-	74,943	-	-	-	25,252
Intergovernmental	-	-	11,626	-	127,809	-	-
Charges for services	-	-	-	40,234	-	-	-
Other receipts	-	-	115,171	-	-	65,166	-
Total receipts	-	-	201,740	40,234	127,809	65,166	25,252
Disbursements:							
Personal services	-	-	91,562	5,005	-	-	-
Supplies	-	-	2,000	-	-	-	-
Other services and charges	44,257	16,190	42,145	-	29,997	-	-
Capital outlay	-	-	-	-	22,286	-	-
Other disbursements	10,167	-	-	24,439	23,016	37,808	19,518
Total disbursements	54,424	16,190	135,707	29,444	75,299	37,808	19,518
Excess (deficiency) of receipts over disbursements	(54,424)	(16,190)	66,033	10,790	52,510	27,358	5,734
Cash and investments - ending	\$ 188,771	\$ 5,998	\$ 321,170	\$ 67,307	\$ 350,032	\$ 34,306	\$ 43,773

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

	Surveyor's Corner Perpetuation	Tax Sale Redemption	Tax Sale Surplus	Local Health Department Trust Account	Wireless Emergency Telephone System	Court Appointed Special Advocate (CASA)	Election and Registration
Cash and investments - beginning	\$ 17,036	\$ 276	\$ 586,825	\$ 29,401	\$ 101,126	\$ 113,011	\$ 42,543
Receipts:							
Taxes	-	121,544	394,330	-	-	-	16,743
Intergovernmental	-	-	-	-	-	-	2,597
Charges for services	5,285	-	-	-	-	-	-
Other receipts	-	-	-	8,461	-	6,584	25,473
Total receipts	<u>5,285</u>	<u>121,544</u>	<u>394,330</u>	<u>8,461</u>	<u>-</u>	<u>6,584</u>	<u>44,813</u>
Disbursements:							
Personal services	-	-	-	-	-	6,417	35,577
Supplies	-	-	-	-	-	3,916	1,070
Other services and charges	-	-	-	15,566	-	2,286	11,717
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	121,544	540,260	-	101,126	-	-
Total disbursements	<u>-</u>	<u>121,544</u>	<u>540,260</u>	<u>15,566</u>	<u>101,126</u>	<u>12,619</u>	<u>48,364</u>
Excess (deficiency) of receipts over disbursements	<u>5,285</u>	<u>-</u>	<u>(145,930)</u>	<u>(7,105)</u>	<u>(101,126)</u>	<u>(6,035)</u>	<u>(3,551)</u>
Cash and investments - ending	<u>\$ 22,321</u>	<u>\$ 276</u>	<u>\$ 440,895</u>	<u>\$ 22,296</u>	<u>\$ -</u>	<u>\$ 106,976</u>	<u>\$ 38,992</u>

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

	County Elected Officials Training	Statewide 911	Supplemental Adult Probation Services	Supplemental Juvenile Probation Services	Alternative Dispute Resolution	County User Fee	EMS Equipment
Cash and investments - beginning	\$ 2,670	\$ 108,602	\$ 160,842	\$ 23,219	\$ 14,242	\$ 205,095	\$ 602
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	307,282	90,200	-	-	-	-
Other receipts	1,856	164,426	-	4,356	3,235	40,702	-
Total receipts	1,856	471,708	90,200	4,356	3,235	40,702	-
Disbursements:							
Personal services	-	140,262	136,641	1,737	-	3,207	-
Supplies	-	-	19,516	333	-	7,454	-
Other services and charges	-	1,584	823	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	96,010	-	-	5,902	6,182	-
Total disbursements	-	237,856	156,980	2,070	5,902	16,843	-
Excess (deficiency) of receipts over disbursements	1,856	233,852	(66,780)	2,286	(2,667)	23,859	-
Cash and investments - ending	\$ 4,526	\$ 342,454	\$ 94,062	\$ 25,505	\$ 11,575	\$ 228,954	\$ 602

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

	K-9	Recycling	MASS PROP/PANDEMIC	IT Services	DONATION FUND COURTHOUSE LIGHTS	REDEVELOPMENT COMMISSION	PAYROLL CLEARING FUND
Cash and investments - beginning	\$ 13,749	\$ 62,043	\$ 2,214	\$ 30	\$ -	\$ -	\$ 35,400
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	64,457	-	-	-	-	-
Other receipts	-	-	-	-	100	1,360,000	5,305,110
Total receipts	-	64,457	-	-	100	1,360,000	5,305,110
Disbursements:							
Personal services	-	55,338	-	-	-	-	-
Supplies	-	5,600	-	-	-	-	-
Other services and charges	-	36,041	-	-	-	-	-
Capital outlay	-	15,251	-	-	-	-	-
Other disbursements	325	-	-	-	100	-	5,593,827
Total disbursements	325	112,230	-	-	100	-	5,593,827
Excess (deficiency) of receipts over disbursements	(325)	(47,773)	-	-	-	1,360,000	(288,717)
Cash and investments - ending	<u>\$ 13,424</u>	<u>\$ 14,270</u>	<u>\$ 2,214</u>	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ 1,360,000</u>	<u>\$ (253,317)</u>

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

	Settlement	Wheel Tax	Sur Tax	CVET Agency	Sewage Collections	Financial Institution Tax	HEA 1001 State Homestead Credit
Cash and investments - beginning	\$ 57	\$ -	\$ -	\$ 15	\$ 140	\$ -	\$ (1,956)
Receipts:							
Taxes	12,523,318	-	-	-	-	-	-
Intergovernmental	-	37,270	241,820	134,767	-	33,346	-
Charges for services	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>12,523,318</u>	<u>37,270</u>	<u>241,820</u>	<u>134,767</u>	<u>-</u>	<u>33,346</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	12,523,345	41,490	267,310	134,767	-	33,346	-
Total disbursements	<u>12,523,345</u>	<u>41,490</u>	<u>267,310</u>	<u>134,767</u>	<u>-</u>	<u>33,346</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(27)</u>	<u>(4,220)</u>	<u>(25,490)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 30</u>	<u>\$ (4,220)</u>	<u>\$ (25,490)</u>	<u>\$ 15</u>	<u>\$ 140</u>	<u>\$ -</u>	<u>\$ (1,956)</u>

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

	Homestead Credit Rebate	State Fines and Forfeitures	Infraction Judgments	Special Death Benefit	Sales Disclosure - State Share	Coroners Training & Con't Education	Interstate Compact - State Share
Cash and investments - beginning	\$ 12,355	\$ 166	\$ 1,887	\$ 95	\$ 180	\$ 117	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Other receipts	-	1,436	25,020	1,576	2,865	1,491	538
Total receipts	-	1,436	25,020	1,576	2,865	1,491	538
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	1,502	25,139	1,536	2,820	1,536	475
Total disbursements	-	1,502	25,139	1,536	2,820	1,536	475
Excess (deficiency) of receipts over disbursements	-	(66)	(119)	40	45	(45)	63
Cash and investments - ending	<u>\$ 12,355</u>	<u>\$ 100</u>	<u>\$ 1,768</u>	<u>\$ 135</u>	<u>\$ 225</u>	<u>\$ 72</u>	<u>\$ 63</u>

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

	Mortgage Recording Fees - State Share	Child Restraint Violations Fines	Forest Restoration	Inheritance Tax	Education Plate Fees Agency	Innkeepers Tax Collections	CAGIT Distribution
Cash and investments - beginning	\$ 143	\$ 25	\$ 19,099	\$ 36	\$ -	\$ 52,049	\$ -
Receipts:							
Taxes	-	-	-	-	-	73,726	2,392,751
Intergovernmental	-	-	-	179,651	-	-	-
Charges for services	-	-	-	-	-	-	-
Other receipts	1,730	125	-	-	131	-	2,786
Total receipts	<u>1,730</u>	<u>125</u>	<u>-</u>	<u>179,651</u>	<u>131</u>	<u>73,726</u>	<u>2,395,537</u>
Disbursements:							
Personal services	-	-	-	-	-	-	1,101,853
Supplies	-	-	-	-	-	-	134,443
Other services and charges	-	-	-	-	-	-	194,152
Capital outlay	-	-	-	-	-	-	-
Other disbursements	1,780	150	19,099	179,261	131	50,000	784,713
Total disbursements	<u>1,780</u>	<u>150</u>	<u>19,099</u>	<u>179,261</u>	<u>131</u>	<u>50,000</u>	<u>2,215,161</u>
Excess (deficiency) of receipts over disbursements	<u>(50)</u>	<u>(25)</u>	<u>(19,099)</u>	<u>390</u>	<u>-</u>	<u>23,726</u>	<u>180,376</u>
Cash and investments - ending	<u>\$ 93</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 426</u>	<u>\$ -</u>	<u>\$ 75,775</u>	<u>\$ 180,376</u>

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

	CEDIT Distribution	City/Town Ordinance Violations Fines	93.563 Title IV-D ARRA	93.563 Title IV-D Incentive	93.563 Prosecutor IV-D Incentive-Post Oct '99	93.563 Clerk IV-D Incentive-Post Oct '99	ADULT PROBATION ADMIN.
Cash and investments - beginning	\$ 50,288	\$ 32,969	\$ 1,769	\$ 28,650	\$ 65,718	\$ 19,352	\$ 1,571
Receipts:							
Taxes	167,909	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	8,662	-	-	-
Other receipts	-	5,669	-	-	13,026	31,250	15,489
Total receipts	<u>167,909</u>	<u>5,669</u>	<u>-</u>	<u>8,662</u>	<u>13,026</u>	<u>31,250</u>	<u>15,489</u>
Disbursements:							
Personal services	-	-	-	-	-	-	15,010
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	167,909	-	1,769	-	1,421	4,682	-
Total disbursements	<u>167,909</u>	<u>-</u>	<u>1,769</u>	<u>-</u>	<u>1,421</u>	<u>4,682</u>	<u>15,010</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>5,669</u>	<u>(1,769)</u>	<u>8,662</u>	<u>11,605</u>	<u>26,568</u>	<u>479</u>
Cash and investments - ending	<u>\$ 50,288</u>	<u>\$ 38,638</u>	<u>\$ -</u>	<u>\$ 37,312</u>	<u>\$ 77,323</u>	<u>\$ 45,920</u>	<u>\$ 2,050</u>

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

	EMS DONATION FUND	ALLEN HALL - PARAMEDIC FUND	OWEN COUNTY ROAD SIGN FUND	NEXTEL REBANDING	2008 FLOODING DAMAGE	DOCUMENT FEES	DOME PRESERVATION
Cash and investments - beginning	\$ 2,841	\$ 1,215	\$ 2,400	\$ 5,947	\$ 1,204	\$ 13,561	\$ 11,851
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	8,173	-
Other receipts	1,206	-	50	-	-	-	-
Total receipts	<u>1,206</u>	<u>-</u>	<u>50</u>	<u>-</u>	<u>-</u>	<u>8,173</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	903	-	-	903	-	771	-
Total disbursements	<u>903</u>	<u>-</u>	<u>-</u>	<u>903</u>	<u>-</u>	<u>771</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>303</u>	<u>-</u>	<u>50</u>	<u>(903)</u>	<u>-</u>	<u>7,402</u>	<u>-</u>
Cash and investments - ending	<u>\$ 3,144</u>	<u>\$ 1,215</u>	<u>\$ 2,450</u>	<u>\$ 5,044</u>	<u>\$ 1,204</u>	<u>\$ 20,963</u>	<u>\$ 11,851</u>

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

	911 READDRESSING	JAIL HOUSING	BLDG. DEPT. CONTRACTORS FEES	BUILDING DEPARTMENT	INVESTIGATOR'S OFF SPACE RENT	FOOD REGISTRATION FUND	SHERIFF MEDICAL REIMBURSEMENT
Cash and investments - beginning	\$ 7,912	\$ 48,378	\$ 57	\$ 45,740	\$ 123	\$ 31,013	\$ 6
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	69,351	-	8,085	-
Other receipts	-	27,160	-	-	-	-	-
Total receipts	-	27,160	-	69,351	-	8,085	-
Disbursements:							
Personal services	-	50,613	-	34,334	-	4,937	-
Supplies	-	4,693	-	868	-	25,255	-
Other services and charges	-	8,609	-	5,313	-	2,556	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	63,915	-	40,515	-	32,748	-
Excess (deficiency) of receipts over disbursements	-	(36,755)	-	28,836	-	(24,663)	-
Cash and investments - ending	\$ 7,912	\$ 11,623	\$ 57	\$ 74,576	\$ 123	\$ 6,350	\$ 6

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

	SHERIFF'S FUEL REIMBURSEMENT	EXTENSION OFFICE WORK STUDY	TIRE FUND	FUTURE BUILDING FUND	SIREN PROJECT FUND	STATE SETTLEMENT	COUNTY PLANNING RETREAT
Cash and investments - beginning	\$ 3,626	\$ 2,823	\$ 5,000	\$ 149,126	\$ 14	\$ 773	\$ 393
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Other receipts	30,811	981	-	50	-	-	-
Total receipts	<u>30,811</u>	<u>981</u>	<u>-</u>	<u>50</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:							
Personal services	-	1,172	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	5,000	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	34,437	-	-	113,875	-	-	-
Total disbursements	<u>34,437</u>	<u>1,172</u>	<u>5,000</u>	<u>113,875</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(3,626)</u>	<u>(191)</u>	<u>(5,000)</u>	<u>(113,825)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 2,632</u>	<u>\$ -</u>	<u>\$ 35,301</u>	<u>\$ 14</u>	<u>\$ 773</u>	<u>\$ 393</u>

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

	COURTHOUSE CLOCK TOWER	SAFE ASSURED ID - SHERIFF	VETERAN'S MEMORIAL WALL MAINT.	COMMISSIONER CERTIF. SALE	SPECIAL EVENTS FEES	SHERIFF'S PROJECT INCOME	VEHICLE IDENTIFICATION NUMBER
Cash and investments - beginning	\$ 1,510	\$ 2,211	\$ 1,611	\$ 2,846	\$ 400	\$ 19,700	\$ 1,205
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Other receipts	-	-	675	75	50	8,060	1,085
Total receipts	-	-	675	75	50	8,060	1,085
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	424	2,920	-	5,019	-
Total disbursements	-	-	424	2,920	-	5,019	-
Excess (deficiency) of receipts over disbursements	-	-	251	(2,845)	50	3,041	1,085
Cash and investments - ending	<u>\$ 1,510</u>	<u>\$ 2,211</u>	<u>\$ 1,862</u>	<u>\$ 1</u>	<u>\$ 450</u>	<u>\$ 22,741</u>	<u>\$ 2,290</u>

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

	SEX OFFENDER REGISTRY	PTRC HOLDING FUND	ADA COURTHOUSE GRANT FEDERAL	LAKE HOLLYBROOK GRANT	COMMUNITY CORRECTIONS STATE GRANT	GRANT FOR SCHOOL OFFICER	COPS FAST GRANT EQUIPMENT
Cash and investments - beginning	\$ 700	\$ 1	\$ -	\$ 38,409	\$ (18,594)	\$ 8,229	\$ 1,885
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	574,243	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Other receipts	800	-	34,511	281,839	177,122	30,000	-
Total receipts	800	574,243	34,511	281,839	177,122	30,000	-
Disbursements:							
Personal services	-	-	-	-	126,089	16,257	-
Supplies	-	-	-	-	5,856	-	-
Other services and charges	-	-	-	-	22,140	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	574,243	34,511	320,247	1,470	1,311	-
Total disbursements	-	574,243	34,511	320,247	155,555	17,568	-
Excess (deficiency) of receipts over disbursements	800	-	-	(38,408)	21,567	12,432	-
Cash and investments - ending	\$ 1,500	\$ 1	\$ -	\$ 1	\$ 2,973	\$ 20,661	\$ 1,885

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

	OC SOIL AND WATER CONSERVATION	SOLID WASTE GRANT	OC FAMILY FACILITATION PROJECT	OWEN COUNTY REGIONAL SEWER DISTRICT	COMMUNITY FOUNDATION GRANT	DRUG COURT	CERT FUND
Cash and investments - beginning	\$ -	\$ 25	\$ 164	\$ 996	\$ 502	\$ 10,429	\$ 1
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Other receipts	10,000	-	3,000	-	-	13,285	-
Total receipts	<u>10,000</u>	<u>-</u>	<u>3,000</u>	<u>-</u>	<u>-</u>	<u>13,285</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	5,000	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	852	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	6,722	-	3,164	-	-	-	-
Total disbursements	<u>6,722</u>	<u>-</u>	<u>3,164</u>	<u>-</u>	<u>-</u>	<u>5,852</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>3,278</u>	<u>-</u>	<u>(164)</u>	<u>-</u>	<u>-</u>	<u>7,433</u>	<u>-</u>
Cash and investments - ending	<u>\$ 3,278</u>	<u>\$ 25</u>	<u>\$ -</u>	<u>\$ 996</u>	<u>\$ 502</u>	<u>\$ 17,862</u>	<u>\$ 1</u>

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

	COURTHOUSE ELECTRICAL GRANT	HOMELAND SECURITY	CAR CAMERA FUND	EMERGENCY MANAGEMENT FUND	PUBLIC SAFETY FOUNDATION	Prosecutor Special Fund	Totals
Cash and investments - beginning	\$ 173	\$ -	\$ 395	\$ 1,253	\$ 137	\$ 6,732	\$ 11,623,123
Receipts:							
Taxes	-	-	-	-	-	-	18,849,747
Intergovernmental	-	-	-	-	-	-	3,941,643
Charges for services	-	-	-	-	-	-	2,899,684
Other receipts	-	3,997	-	-	-	-	10,558,035
Total receipts	-	3,997	-	-	-	-	36,249,109
Disbursements:							
Personal services	-	-	-	-	-	-	5,484,614
Supplies	-	-	-	-	-	-	1,050,439
Other services and charges	-	-	-	-	-	-	4,387,114
Capital outlay	-	-	-	-	-	-	228,655
Other disbursements	-	3,997	-	-	-	5,065	24,446,761
Total disbursements	-	3,997	-	-	-	5,065	35,597,583
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	(5,065)	651,526
Cash and investments - ending	\$ 173	\$ -	\$ 395	\$ 1,253	\$ 137	\$ 1,667	\$ 12,274,649

OWEN 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:				
OWEN COUNTY HIGHWAY	2011 GRADER	\$ 25,000	04-13-12	04-13-16
OWEN COUNTY HIGHWAY	GRADEALL FOR ROAD WORK	33,275	04-10-10	04-10-15
OWEN COUNTY HIGHWAY	2011 GRADER	25,000	04-13-12	04-02-16
OWEN COUNTY HIGHWAY	420E CAT BACKHOE	<u>8,000</u>	12-20-12	12-20-15
Total governmental activities		<u>91,275</u>		
Total of annual lease payments		<u>\$ 91,275</u>		

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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 OWEN COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited Owen 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)

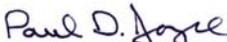
Report on Internal Control Over Compliance

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 21, 2014

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

OWEN 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
<u>Department of Housing and Urban Development</u>				
CDBG - State-Administered CDBG Cluster				
COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII ADA COURTHOUSE GRANT	OFFICE OF COMMUNITY AND RURAL AFFAIRS	14.228	CF-11-113	\$ 34,511
COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII SUPPLEMENTAL DISASTER GRANT - LAKE HOLLYBROOK	OFFICE OF COMMUNITY AND RURAL AFFAIRS	14.228	DR-1B-09-016	<u>281,839</u>
Total - CDBG - State-Administered CDBG Cluster				<u>316,350</u>
Total - Department of Housing and Urban Development				<u>316,350</u>
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster				
HIGHWAY PLANNING AND CONSTRUCTION	INDIANA DEPARTMENT OF TRANSPORTATION	20.205	EDS D25-12-041	<u>16,574</u>
Total - Highway Planning and Construction Cluster				<u>16,574</u>
Total - Department of Transportation				<u>16,574</u>
<u>Department of Health and Human Services</u>				
CHILD SUPPORT ENFORCEMENT	INDIANA DEPARTMENT OF CHILD SERVICES	93.563	2013	<u>376,980</u>
STATE COURT IMPROVEMENT PROGRAM	INDIANA CRIMINAL JUSTICE INSTITUTE	93.586	2013	<u>293</u>
Total - Department of Health and Human Services				<u>377,273</u>
<u>Department of Homeland Security</u>				
DISASTER GRANTS - PUBLIC ASSISTANCE (PRESIDENTIALLY DECLARED DISASTERS) HURRICANE SANDY BMAC				
	INDIANA DEPARTMENT OF HOMELAND SECURITY	97.036	315-REQA-1002	<u>9,144</u>
EMERGENCY MANAGEMENT PERFORMANCE GRANTS EMA REIMBURSEMENT	INDIANA DEPARTMENT OF HOMELAND SECURITY	97.042	C44P-3-288B	15,514
DISASTER GRANT PUBLIC ASSISTANCE	INDIANA DEPARTMENT OF HOMELAND SECURITY	97.042	C44P-3-037B	<u>3,997</u>
Total - EMERGENCY MANAGEMENT PERFORMANCE GRANTS				<u>19,511</u>
Total - Department of Homeland Security				<u>28,655</u>
Total federal awards expended				<u>\$ 738,852</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

OWEN COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the 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.

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the County provided federal awards to subrecipients as follows for the year ended December 31, 2013:

Program Title	Federal CFDA Number	2013
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	\$ <u>281,839</u>

OWEN 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
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

FINDING 2013-001 - INTERNAL CONTROLS OVER THE PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We noted a deficiency in the internal control system of the County related to financial transactions and reporting. We believe the following deficiency constitutes a material weakness:

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.

OWEN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

During the audit of the SEFA, we noted the following errors: The federal expenditures reported on the SEFA were understated by \$124,542. Also, many required sections of the SEFA were either incorrect or incomplete.

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 the total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.

OWEN 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."

FINDING 2013-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted the following deficiencies in the internal control system of the Auditor and Treasurer related to financial transactions and reporting. The failure to establish and maintain internal controls could enable material misstatements or irregularities to remain undetected. We believe the following deficiencies constitute a material weakness:

- The Treasurer did not complete monthly reconcilements of the Cash Book to the bank balance beyond April 30, 2013.
- Monthly reconciliations of the Treasurer's Cash Book to the Auditor's fund ledger were not performed in 2013. As of December 31, 2013, the Treasurer's Cash Book fund ledger balance reported \$9,921.83 more than the Auditor's fund ledger balance; this difference was determined to be an immaterial amount.

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)

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

AUDITEE PREPARED DOCUMENTS

The subsequent documents were provided by management of the County. The documents are presented as intended by the County.



**OWEN COUNTY AUDITOR
60 S. MAIN ST. COURTHOUSE
ROOM 202
SPENCER, IN 47460
(812) 829-5000**

(email: auditor@owencounty.in.gov)

April 29th, 2014

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2012-1 Internal Control - Cash Management

Original SBA Audit Report Number:	B42302
Fiscal Year	2012
Auditee Contact Person:	Michael L. Wood
Title of Contact Person:	Owen County Auditor
Phone Number:	812-829-5000
Status of Finding:	Corrected

The Corrective Action Plan that was put into our internal control process on a daily basis to receive bank copies from the Treasurer to verify all EFT/ACH transactions on a daily basis has been implemented and has corrected the former finding by the State Board of Accounts.

Sincerely,

Michael L. Wood, Auditor



**OWEN COUNTY AUDITOR
60 S. MAIN ST. COURTHOUSE
ROOM 202
SPENCER, IN 47460
(812) 829-5000**

(Email: auditor@owencounty.in.gov)

May 28th, 2014

CORRECTIVE ACTION PLAN

FINDING 2013-001 – INTERNAL CONTROL OVER THE PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Contact Person Responsible for Corrective Action: Michael L. Wood

Contact Phone Number: (812) 829-5000

Corrective Action Plan:

The Owen County Auditor will work diligently with all department heads and county offices to ensure accurate reporting of all grant information on the Schedule of Expenditures of Federal Awards (SEFA).

The Owen County Auditor will review the Federal Grants site to ensure that all information provided is accurate in the Gateway system for federal grant reporting.

Michael L. Wood, Auditor



**OWEN COUNTY AUDITOR
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May 28th, 2014

CORRECTIVE ACTION PLAN

FINDING 2013-002 – INTERNAL CONTROL OVER FINANCIAL TRANSACTIONS AND REPORTING

Contact Person Responsible for Corrective Action: Michael L. Wood

Contact Phone Number: (812) 829-5000

Corrective Action Plan:

As has been stated, Owen County went live with a new software system on Jan. 1 2013. There have been issues with getting adequate training and resources to help with issues related to the reporting and monthly bank reconciliations. The software vendor continues to support and work toward a resolution to all related issues to the reporting and financial records of the County.

The Owen County Auditor and Owen County Treasurer have discussed the best way to establish a control on a monthly basis to provide reasonable assurance that the cash book and the bank along with the funds ledger are correct. Reporting will be done on a monthly basis, reports will be provided to the Treasurer from the Auditor to compare receipts to expenditures to make sure that the cash book does reflect the same, and if not, then it will be investigated at that time why there is a discrepancy.

The County Treasurer and County Auditor are working with the software vendor to assure that all bank reconciliations are done monthly and continue to work to provide the best possible reporting of all funds and monies in the bank.

This should avoid these issues in the future.


Michael L. Wood, Auditor


Tami Snodgrass, Treasurer

OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the County. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.