

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

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



**FILED**  
08/08/2014



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Katherine Chaffins	01-01-11 to 12-31-14
Treasurer	Kasey Clark	01-01-13 to 12-31-16
Clerk	Evelyn A. Skronski	01-01-11 to 12-31-14
Sheriff	Oscar O. Cowen	01-01-11 to 12-31-14
Recorder	Lisa Minix	01-01-11 to 12-31-14
President of the Board of County Commissioners	Kathryn Norem Jennifer Davis	01-01-13 to 12-31-13 01-01-14 to 12-31-14
President of the County Council	Dave Pearman	01-01-13 to 12-31-14



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF STARKE COUNTY, INDIANA

***Report on the Financial Statement***

We have audited the accompanying financial statement of Starke 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 July 2, 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 Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

  
Paul D. Joyce, CPA  
State Examiner

July 2, 2014



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 STARKE 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 Starke 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 July 2, 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 item 2013-001 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Starke 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

July 2, 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.

STARKE 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
Co General	\$ 1,103,596	\$ 5,576,577	\$ 6,167,260	\$ 512,913
Accident Report Fees	1,825	1,250	2,778	297
CAGIT PTRC	-	833,197	833,197	-
CAGIT Certified Shares	-	833,426	717,725	115,701
CEDIT/Co Econ Dev Income Tax	1,268,451	1,180,483	871,503	1,577,431
CEDIT-Special Legislation	-	2,170,247	1,073,120	1,097,127
Child Advocacy	297	-	-	297
Clerks Perpetual	28,380	4,718	1,835	31,263
St.Co.Community Correct-Grant	162,361	214,739	377,435	(335)
Community Transition Program	11,685	-	-	11,685
Int Congressional School	6,303	30	-	6,333
Principal Congressional School	14,724	1	-	14,725
County Option Dog Tax	136	940	1,076	-
County Share Sales Disclosure	10,332	3,255	-	13,587
Cumulative Bridge	977,992	21,340	226,020	773,312
Cum Capital Development	194,625	130,296	261,555	63,366
DTFSC Fines & Fees	4,733	20,005	16,526	8,212
Emergency Pl/ Right To Know	536	-	-	536
Firearms Training	15,250	14,140	7,788	21,602
Health	82,460	112,805	154,608	40,657
Levy Excess	1,452	5,061	-	6,513
Local Health Maint LM-174	94,136	41,886	12,030	123,992
Local Road & Street	188,991	239,639	353,439	75,191
County Corrections Fund	20,568	16,856	17,112	20,312
Highway Department	798,297	1,992,078	2,453,156	337,219
Sale Of Plat Books	853	299	740	412
Rainy Day Fund	667,824	1,301,869	279,972	1,689,721
2006 Reassessment 1	86,235	-	86,235	-
2015 Reassessment	458,597	348,061	330,108	476,550
County Police Pension Trust	-	11,578	10,883	695
Supplemental Pub Defender Svc	23,785	15,607	12,563	26,829
2009 Surplus Tax	76,713	36,377	45,725	67,365
Surveyor Corner Perpetual	8,443	6,036	7,000	7,479
2009 Tax Sale Redemption	90,431	29,957	108,682	11,706
2009 Tax Sale Surplus	310,545	347	213,033	97,859
CASA Grant	16,905	8,847	7,903	17,849
Co. Aud. Ineligible Ded. Fund	11,323	-	-	11,323
Co. Elected Off. Training Fund	2,435	2,234	221	4,448
911 Fund	32,294	394,952	328,471	98,775
Supplemental Adult	239,450	76,875	44,455	271,870
Alternative Dispute Resolution	6,935	2,222	5,650	3,507
General Drain Reconstruction	31,465	67	-	31,532
General Drain Maintenance	1,178,846	169,387	239,951	1,108,282
EMS Donations For Educ./Suppl.	597	-	-	597
Dental Self Pay	83,818	31,690	33,863	81,645
Save The Hospital Fund	4,746,901	129,201	5,000	4,871,102
Payroll Clearing	53,906	1,408,135	1,453,972	8,069
Settlement	32	17,927,216	17,927,248	-
CVET	-	84,412	84,412	-
Financial Inst Tax	-	52,222	52,222	-
CEDIT For Homestead Credits	32,953	200,151	228,913	4,191
HEA 1001-2008 St.HMSTD.Cr.Fund	1,161	2	-	1,163
Fines & Forfeitures	2,028	12,512	14,339	201
Jdgmnts For Violation Of Infrac	2,247	21,650	23,897	-
Special Death Benefits	150	2,435	2,350	235
State Share Disclosure Fee	195	3,250	3,120	325
Coroners Cont Ed	-	1,265	1,120	145
DLGF Hmst Prop. Data. Fund	22	-	-	22
Sex Offender Fees-Sheriff	50	880	825	105
State Welfare Excise Tax	(32)	32	-	-
Inheritance Tax	105,605	140,986	243,790	2,801
Education Plate Fee	38	581	600	19
Riverboat Wagering Rev Shrg	-	138,401	138,401	-
Innkeeper's Tax	3,861	7,003	5,000	5,864
CEDIT Distribution	-	3,836,236	3,836,236	-
City/Town Share Court Costs	21,894	3,288	-	25,182
ARRA Title IV-D Pros Incentiv	19,631	-	1,401	18,230
Title IV-D Incentive Fund	66,088	16,516	-	82,604
Title IV-D Prosecutor	1,129	24,843	31,528	(5,556)
Title IV-D Clerk	35,882	13,579	15,764	33,697
Clerk	301,187	1,597,602	1,545,688	353,101
Prosecutor	77	4,333	4,410	-

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

STARKE 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
Sheriffs Cash	4,796	620,655	619,577	5,874
Sheriffs Inmate Trust	4,944	97,546	97,868	4,622
Sheriffs Commissary	23,207	46,822	43,210	26,819
Supplemental Juvenile	84,671	2,397	8,055	79,013
Treasurer	397,791	648,014	397,791	648,014
Sheriff Narcotic K-9 Donations	356	-	-	356
WIC Donations	428	738	430	736
DARE Donations	3,823	-	-	3,823
Health Department Donations	309	-	-	309
CEDIT Excess - Rainy Day Fund	-	266,641	-	266,641
Auditor's Transfer Fee	8,353	7,069	-	15,422
Jury Pay	(13,363)	4,843	-	(8,520)
Recorder Perpetual	45,277	40,437	29,712	56,002
Pretrial Diversion Fund	73,253	47,639	50,302	70,590
Special Vehicle Inspect Fund	301	95	306	90
Auditor Fees-Co. Opt. Dog Tax	304	-	-	304
July 2012 Storm Insurance	67,235	72,833	57,570	82,498
Starke County Forest Fund	1,325	1,425	-	2,750
Mortgage Fee Fund	215	2,250	2,333	132
Redact Fund-Recorder	12,847	2,234	-	15,081
SCCC Project Income	-	304,476	121,533	182,943
Jail Project Expenses Fund	1,166,917	1,201,326	2,368,243	-
2013 Tax Sale	-	27,196	25,701	1,495
SCCC CTP Fees	-	73,395	-	73,395
2013 Tax Sale Surplus	-	307,003	33,850	273,153
Sales Tax	-	327	327	-
WIC Special Fund	-	2,037	292	1,745
Tax Sale Clearing Fund	-	474,589	474,589	-
Emergency Management Grant	26,147	9,367	7,460	28,054
Hamlet Fire Well	3,070	281	1,208	2,143
Title 3 Fund (No Approp Nec)	3,292	-	-	3,292
Juv. Tracking Grant 04-JF-033	23	-	-	23
Cops Technology Program	1,493	-	-	1,493
Starke County Check Enfromt Fd	1,002	391	-	1,393
Prosecutor's S. T. O. P. Grant	1,440	19,206	17,309	3,337
Probation-Indigent Assistance	1,500	-	-	1,500
Hamlet Project With Grant	(269,412)	-	-	(269,412)
HAVA Accessibility Grant	9,871	-	-	9,871
2009 Polling Place Grant	(16)	-	-	(16)
Tact Narco Team Rico	14	160	-	174
Victim's Assistance #2	-	-	932	(932)
Knox Lead Track Grant	969	-	-	969
Knox Lead Track Expenses	174,534	-	5,561	168,973
Juvenile Account. Blk. Grant	(26)	-	-	(26)
IN Crim Just Vict Ast/ 02VA147	(19,343)	32,526	31,858	(18,675)
WIC Program	(27)	-	-	(27)
WIC Program #2	(816)	5,032	4,430	(214)
WIC Program #3	(26,547)	108,592	75,765	6,280
Pandemic Influenza Preparedness	2,000	-	-	2,000
Mosquito Control Block Grant	420	-	-	420
WIC Program 2012	2,291	-	755	1,536
Children's Psychiatric Res. Tr	1,056	-	-	1,056
Child Services	6,691	-	-	6,691
Yellow River Debris Project	-	144,041	144,041	-
Yellow River Basin Project	23,078	3,500	26,578	-
County & Local Law Enforcement	1,896	564	1,710	750
Rural Demonstration Project	(464)	-	132	(596)
Public Health Preparedness Grt	153	-	-	153
LHMF/Tobacco Settlement	79,074	-	-	79,074
Operation Pullover	(3,943)	2,045	2,935	(4,833)
Victim Assistant Grant-97VA046	(4)	-	-	(4)
Child Immunization Grant	60	-	-	60
Drug Analysis Test Kits Grant	-	1,500	1,488	12
SCCC Grant 2013-2014	-	102,544	126,073	(23,529)
WTH Grant	-	4,500	1,500	3,000
WIC 1	-	5,017	15,939	(10,922)
WIC 2	-	-	596	(596)
<b>Totals</b>	<b>\$ 15,612,094</b>	<b>\$ 46,167,358</b>	<b>\$ 45,721,813</b>	<b>\$ 16,057,639</b>

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

STARKE 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.

STARKE 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.

STARKE 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.



STARKE 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 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.

STARKE COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. County Police Retirement Plan*

*Plan Description*

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

*Funding Policy*

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

*C. County Police Benefit Plan*

*Plan Description*

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

*Funding Policy*

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

**Note 7. Restatement of County Offices**

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

STARKE COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 8. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. For most funds, this is a result of reimbursable grants that are awaiting reimbursement. The Hamlet Project With Grant fund has had a negative balance of \$269,412 since 2011 and is the result of a project to attract industry to the County. On May 7, 2014, the County received \$194,264 from the Starke County Economic Development Foundation via Baugh Midwest TIF bonds to reimburse the County for some of those project costs. The County must decide on a funding source for the remaining unreimbursed costs.

**Note 9. Holding Corporations**

The County has entered into a capital lease with the Starke County Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the County. The lessor has been determined to be a related party of the County. Lease payments started in January of 2014.

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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.

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

	Co General	Accident Report Fees	CAGIT PTRC	CAGIT Certified Shares	CEDIT/Co Econ Dev Income Tax	CEDIT-Special Legislation	Child Advocacy
Cash and investments - beginning	\$ 1,103,596	\$ 1,825	\$ -	\$ -	\$ 1,268,451	\$ -	\$ 297
Receipts:							
Taxes	3,582,435	-	-	-	-	-	-
Licenses and permits	153,599	-	-	-	-	-	-
Intergovernmental	577,010	-	-	-	-	-	-
Charges for services	1,090,578	-	-	-	-	-	-
Fines and forfeits	28,923	-	-	-	-	-	-
Other receipts	144,032	1,250	833,197	833,426	1,180,483	2,170,247	-
<b>Total receipts</b>	<b>5,576,577</b>	<b>1,250</b>	<b>833,197</b>	<b>833,426</b>	<b>1,180,483</b>	<b>2,170,247</b>	<b>-</b>
Disbursements:							
Personal services	4,744,443	-	-	65,801	-	-	-
Supplies	267,444	-	-	-	-	-	-
Other services and charges	957,831	-	-	133,470	871,503	-	-
Capital outlay	14,055	-	-	141,607	-	-	-
Other disbursements	183,487	2,778	833,197	376,847	-	1,073,120	-
<b>Total disbursements</b>	<b>6,167,260</b>	<b>2,778</b>	<b>833,197</b>	<b>717,725</b>	<b>871,503</b>	<b>1,073,120</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(590,683)	(1,528)	-	115,701	308,980	1,097,127	-
Cash and investments - ending	<u>\$ 512,913</u>	<u>\$ 297</u>	<u>\$ -</u>	<u>\$ 115,701</u>	<u>\$ 1,577,431</u>	<u>\$ 1,097,127</u>	<u>\$ 297</u>

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

	Clerks Perpetual	St.Co.Community Correct-Grant	Community Transition Program	Int Congressional School	Principal Congressional School	County Option Dog Tax	County Share Sales Disclosure
Cash and investments - beginning	\$ 28,380	\$ 162,361	\$ 11,685	\$ 6,303	\$ 14,724	\$ 136	\$ 10,332
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	83,030	-	-	-	785	-
Charges for services	-	67,236	-	-	-	155	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	4,718	64,473	-	30	1	-	3,255
Total receipts	4,718	214,739	-	30	1	940	3,255
Disbursements:							
Personal services	-	81,448	-	-	-	-	-
Supplies	-	6,379	-	-	-	-	-
Other services and charges	-	46,207	-	-	-	-	-
Capital outlay	-	330	-	-	-	-	-
Other disbursements	1,835	243,071	-	-	-	1,076	-
Total disbursements	1,835	377,435	-	-	-	1,076	-
Excess (deficiency) of receipts over disbursements	2,883	(162,696)	-	30	1	(136)	3,255
Cash and investments - ending	\$ 31,263	\$ (335)	\$ 11,685	\$ 6,333	\$ 14,725	\$ -	\$ 13,587

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

	Cumulative Bridge	Cum Capital Development	DTFSC Fines & Fees	Emergency P/ Right To Know	Firearms Training	Health	Levy Excess
Cash and investments - beginning	\$ 977,992	\$ 194,625	\$ 4,733	\$ 536	\$ 15,250	\$ 82,460	\$ 1,452
Receipts:							
Taxes	-	-	-	-	-	74,129	5,061
Licenses and permits	-	-	-	-	-	31,419	-
Intergovernmental	-	-	-	-	-	6,762	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	21,340	130,296	20,005	-	14,140	495	-
Total receipts	21,340	130,296	20,005	-	14,140	112,805	5,061
Disbursements:							
Personal services	-	-	-	-	-	149,874	-
Supplies	-	-	-	-	-	1,679	-
Other services and charges	226,020	160,921	-	-	-	3,055	-
Capital outlay	-	100,634	-	-	-	-	-
Other disbursements	-	-	16,526	-	7,788	-	-
Total disbursements	226,020	261,555	16,526	-	7,788	154,608	-
Excess (deficiency) of receipts over disbursements	(204,680)	(131,259)	3,479	-	6,352	(41,803)	5,061
Cash and investments - ending	\$ 773,312	\$ 63,366	\$ 8,212	\$ 536	\$ 21,602	\$ 40,657	\$ 6,513



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

	Local Health Maint LM-174	Local Road & Street	County Corrections Fund	Highway Department	Sale of Plat Books	Rainy Day Fund	2006 Reassessment 1
Cash and investments - beginning	\$ 94,136	\$ 188,991	\$ 20,568	\$ 798,297	\$ 853	\$ 667,824	\$ 86,235
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	4,600	-	-	-
Intergovernmental	33,139	239,446	-	1,925,337	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	8,747	193	16,856	62,141	299	1,301,869	-
Total receipts	<u>41,886</u>	<u>239,639</u>	<u>16,856</u>	<u>1,992,078</u>	<u>299</u>	<u>1,301,869</u>	<u>-</u>
Disbursements:							
Personal services	3,572	-	-	1,254,519	-	-	46
Supplies	530	-	-	472,099	-	-	-
Other services and charges	7,928	353,439	-	215,882	-	13,900	-
Capital outlay	-	-	-	510,656	-	-	-
Other disbursements	-	-	17,112	-	740	266,072	86,189
Total disbursements	<u>12,030</u>	<u>353,439</u>	<u>17,112</u>	<u>2,453,156</u>	<u>740</u>	<u>279,972</u>	<u>86,235</u>
Excess (deficiency) of receipts over disbursements	<u>29,856</u>	<u>(113,800)</u>	<u>(256)</u>	<u>(461,078)</u>	<u>(441)</u>	<u>1,021,897</u>	<u>(86,235)</u>
Cash and investments - ending	<u>\$ 123,992</u>	<u>\$ 75,191</u>	<u>\$ 20,312</u>	<u>\$ 337,219</u>	<u>\$ 412</u>	<u>\$ 1,689,721</u>	<u>\$ -</u>

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

	2015 Reassessment	County Police Pension Trust	Supplemental Pub Defender Svc	2009 Surplus Tax	Surveyor Corner Perpetual	2009 Tax Sale Redemption	2009 Tax Sale Surplus
Cash and investments - beginning	\$ 458,597	\$ -	\$ 23,785	\$ 76,713	\$ 8,443	\$ 90,431	\$ 310,545
Receipts:							
Taxes	239,189	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	21,822	-	-	-	-	-	-
Charges for services	-	11,578	-	-	6,025	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	87,050	-	15,607	36,377	11	29,957	347
Total receipts	<u>348,061</u>	<u>11,578</u>	<u>15,607</u>	<u>36,377</u>	<u>6,036</u>	<u>29,957</u>	<u>347</u>
Disbursements:							
Personal services	128,986	-	-	-	-	-	-
Supplies	1,885	-	-	-	-	-	-
Other services and charges	189,191	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	10,046	10,883	12,563	45,725	7,000	108,682	213,033
Total disbursements	<u>330,108</u>	<u>10,883</u>	<u>12,563</u>	<u>45,725</u>	<u>7,000</u>	<u>108,682</u>	<u>213,033</u>
Excess (deficiency) of receipts over disbursements	<u>17,953</u>	<u>695</u>	<u>3,044</u>	<u>(9,348)</u>	<u>(964)</u>	<u>(78,725)</u>	<u>(212,686)</u>
Cash and investments - ending	<u>\$ 476,550</u>	<u>\$ 695</u>	<u>\$ 26,829</u>	<u>\$ 67,365</u>	<u>\$ 7,479</u>	<u>\$ 11,706</u>	<u>\$ 97,859</u>

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

	CASA Grant	Co. Aud. Ineligible Ded. Fund	Co. Elected Off. Training Fund	911 Fund	Supplemental Adult	Alternative Dispute Resolution	General Drain Reconstruction
Cash and investments - beginning	\$ 16,905	\$ 11,323	\$ 2,435	\$ 32,294	\$ 239,450	\$ 6,935	\$ 31,465
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	7,225	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	1,622	-	2,234	394,952	76,875	2,222	67
Total receipts	8,847	-	2,234	394,952	76,875	2,222	67
Disbursements:							
Personal services	-	-	-	282,406	32,403	-	-
Supplies	-	-	-	1,747	4,482	-	-
Other services and charges	-	-	-	44,318	7,570	5,650	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	7,903	-	221	-	-	-	-
Total disbursements	7,903	-	221	328,471	44,455	5,650	-
Excess (deficiency) of receipts over disbursements	944	-	2,013	66,481	32,420	(3,428)	67
Cash and investments - ending	\$ 17,849	\$ 11,323	\$ 4,448	\$ 98,775	\$ 271,870	\$ 3,507	\$ 31,532

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

	General Drain Maintenance	EMS Donations For Educ./Suppl.	Dental Self Pay	Save The Hospital Fund	Payroll Clearing	Settlement	CVET
Cash and investments - beginning	\$ 1,178,846	\$ 597	\$ 83,818	\$ 4,746,901	\$ 53,906	\$ 32	\$ -
Receipts:							
Taxes	-	-	-	-	-	15,719,609	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	2,058,542	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	169,387	-	31,690	129,201	1,408,135	149,065	84,412
<b>Total receipts</b>	<b>169,387</b>	<b>-</b>	<b>31,690</b>	<b>129,201</b>	<b>1,408,135</b>	<b>17,927,216</b>	<b>84,412</b>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	239,951	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	33,863	5,000	1,453,972	17,927,248	84,412
<b>Total disbursements</b>	<b>239,951</b>	<b>-</b>	<b>33,863</b>	<b>5,000</b>	<b>1,453,972</b>	<b>17,927,248</b>	<b>84,412</b>
Excess (deficiency) of receipts over disbursements	(70,564)	-	(2,173)	124,201	(45,837)	(32)	-
Cash and investments - ending	<u>\$ 1,108,282</u>	<u>\$ 597</u>	<u>\$ 81,645</u>	<u>\$ 4,871,102</u>	<u>\$ 8,069</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Financial Inst Tax	CEDIT For Homestead Credits	HEA 1001-2008 St.HMSTD.Cr.Fund	Fines & Forfeitures	Jdgmts For Violation Of Infrac	Special Death Benefits	State Share Disclosure Fee
Cash and investments - beginning	\$ -	\$ 32,953	\$ 1,161	\$ 2,028	\$ 2,247	\$ 150	\$ 195
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	52,222	200,151	2	12,512	21,650	2,435	3,250
Total receipts	52,222	200,151	2	12,512	21,650	2,435	3,250
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	52,222	228,913	-	14,339	23,897	2,350	3,120
Total disbursements	52,222	228,913	-	14,339	23,897	2,350	3,120
Excess (deficiency) of receipts over disbursements	-	(28,762)	2	(1,827)	(2,247)	85	130
Cash and investments - ending	\$ -	\$ 4,191	\$ 1,163	\$ 201	\$ -	\$ 235	\$ 325

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

	Coroners Cont Ed	DLGF Hmst Prop. Data. Fund	Sex Offender Fees-Sheriff	State Welfare Excise Tax	Inheritance Tax	Education Plate Fee	Riverboat Wagering Rev Shrg
Cash and investments - beginning	\$ -	\$ 22	\$ 50	\$ (32)	\$ 105,605	\$ 38	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	5	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	1,265	-	875	32	140,986	581	138,401
Total receipts	<u>1,265</u>	<u>-</u>	<u>880</u>	<u>32</u>	<u>140,986</u>	<u>581</u>	<u>138,401</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	1,120	-	825	-	243,790	600	138,401
Total disbursements	<u>1,120</u>	<u>-</u>	<u>825</u>	<u>-</u>	<u>243,790</u>	<u>600</u>	<u>138,401</u>
Excess (deficiency) of receipts over disbursements	<u>145</u>	<u>-</u>	<u>55</u>	<u>32</u>	<u>(102,804)</u>	<u>(19)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 145</u>	<u>\$ 22</u>	<u>\$ 105</u>	<u>\$ -</u>	<u>\$ 2,801</u>	<u>\$ 19</u>	<u>\$ -</u>

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

	Innkeeper's Tax	CEDIT Distribution	City/Town Share Court Costs	ARRA Title IV-D Pros Incentiv	Title IV-D Incentive Fund	Title IV-D Prosecutor	Title IV-D Clerk
Cash and investments - beginning	\$ 3,861	\$ -	\$ 21,894	\$ 19,631	\$ 66,088	\$ 1,129	\$ 35,882
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	3,288	-	3,052	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	6,651	10,527
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	7,003	3,836,236	-	-	13,464	18,192	3,052
<b>Total receipts</b>	<b>7,003</b>	<b>3,836,236</b>	<b>3,288</b>	<b>-</b>	<b>16,516</b>	<b>24,843</b>	<b>13,579</b>
Disbursements:							
Personal services	-	-	-	-	-	18,202	12,118
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	5,000	3,836,236	-	1,401	-	13,326	3,646
<b>Total disbursements</b>	<b>5,000</b>	<b>3,836,236</b>	<b>-</b>	<b>1,401</b>	<b>-</b>	<b>31,528</b>	<b>15,764</b>
Excess (deficiency) of receipts over disbursements	2,003	-	3,288	(1,401)	16,516	(6,685)	(2,185)
Cash and investments - ending	\$ 5,864	\$ -	\$ 25,182	\$ 18,230	\$ 82,604	\$ (5,556)	\$ 33,697

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

	Clerk	Prosecutor	Sheriff's Cash	Sheriff's Inmate Trust	Sheriff's Commissary	Supplemental Juvenile	Treasurer
Cash and investments - beginning	\$ 301,187	\$ 77	\$ 4,796	\$ 4,944	\$ 23,207	\$ 84,671	\$ 397,791
Receipts:							
Taxes	-	-	-	-	-	-	453,541
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	194,473
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	1,597,602	-	-	-	-	2,397	-
Other receipts	-	4,333	620,655	97,546	46,822	-	-
Total receipts	<u>1,597,602</u>	<u>4,333</u>	<u>620,655</u>	<u>97,546</u>	<u>46,822</u>	<u>2,397</u>	<u>648,014</u>
Disbursements:							
Personal services	-	-	-	-	-	8,055	-
Supplies	-	-	-	-	43,210	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	1,545,688	4,410	619,577	97,868	-	-	397,791
Total disbursements	<u>1,545,688</u>	<u>4,410</u>	<u>619,577</u>	<u>97,868</u>	<u>43,210</u>	<u>8,055</u>	<u>397,791</u>
Excess (deficiency) of receipts over disbursements	<u>51,914</u>	<u>(77)</u>	<u>1,078</u>	<u>(322)</u>	<u>3,612</u>	<u>(5,658)</u>	<u>250,223</u>
Cash and investments - ending	<u>\$ 353,101</u>	<u>\$ -</u>	<u>\$ 5,874</u>	<u>\$ 4,622</u>	<u>\$ 26,819</u>	<u>\$ 79,013</u>	<u>\$ 648,014</u>



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

	Sheriff Narcotic K-9 Donations	WIC Donations	DARE Donations	Health Department Donations	CEDIT Excess - Rainy Day Fund	Auditor's Transfer Fee	Jury Pay
Cash and investments - beginning	\$ 356	\$ 428	\$ 3,823	\$ 309	\$ -	\$ 8,353	\$ (13,363)
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	312
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	738	-	-	266,641	7,069	4,531
Total receipts	-	738	-	-	266,641	7,069	4,843
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	430	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	430	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	308	-	-	266,641	7,069	4,843
Cash and investments - ending	<u>\$ 356</u>	<u>\$ 736</u>	<u>\$ 3,823</u>	<u>\$ 309</u>	<u>\$ 266,641</u>	<u>\$ 15,422</u>	<u>\$ (8,520)</u>

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

	Recorder Perpetual	Pretrial Diversion Fund	Special Vehicle Inspect Fund	Auditor Fees-Co. Opt. Dog Tax	July 2012 Storm Insurance	Starke County Forest Fund	Mortgage Fee Fund
Cash and investments - beginning	\$ 45,277	\$ 73,253	\$ 301	\$ 304	\$ 67,235	\$ 1,325	\$ 215
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	40,279	-	-	-	-	-	2,250
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	158	47,639	95	-	72,833	1,425	-
<b>Total receipts</b>	<b>40,437</b>	<b>47,639</b>	<b>95</b>	<b>-</b>	<b>72,833</b>	<b>1,425</b>	<b>2,250</b>
Disbursements:							
Personal services	-	9,590	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	29,712	40,712	306	-	57,570	-	2,333
<b>Total disbursements</b>	<b>29,712</b>	<b>50,302</b>	<b>306</b>	<b>-</b>	<b>57,570</b>	<b>-</b>	<b>2,333</b>
Excess (deficiency) of receipts over disbursements	10,725	(2,663)	(211)	-	15,263	1,425	(83)
Cash and investments - ending	<u>\$ 56,002</u>	<u>\$ 70,590</u>	<u>\$ 90</u>	<u>\$ 304</u>	<u>\$ 82,498</u>	<u>\$ 2,750</u>	<u>\$ 132</u>

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

	Redact Fund-Recorder	SCCC Project Income	Jail Project Expenses Fund	2013 Tax Sale	SCCC CTP Fees	2013 Tax Sale Surplus	Sales Tax
Cash and investments - beginning	\$ 12,847	\$ -	\$ 1,166,917	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	2,234	259,249	-	-	-	-	-
Fines and forfeits	-	6,123	-	-	-	-	-
Other receipts	-	39,104	1,201,326	27,196	73,395	307,003	327
Total receipts	<u>2,234</u>	<u>304,476</u>	<u>1,201,326</u>	<u>27,196</u>	<u>73,395</u>	<u>307,003</u>	<u>327</u>
Disbursements:							
Personal services	-	65,033	-	-	-	-	-
Supplies	-	3,245	-	-	-	-	-
Other services and charges	-	52,368	-	-	-	-	-
Capital outlay	-	887	484,021	-	-	-	-
Other disbursements	-	-	1,884,222	25,701	-	33,850	327
Total disbursements	<u>-</u>	<u>121,533</u>	<u>2,368,243</u>	<u>25,701</u>	<u>-</u>	<u>33,850</u>	<u>327</u>
Excess (deficiency) of receipts over disbursements	<u>2,234</u>	<u>182,943</u>	<u>(1,166,917)</u>	<u>1,495</u>	<u>73,395</u>	<u>273,153</u>	<u>-</u>
Cash and investments - ending	<u>\$ 15,081</u>	<u>\$ 182,943</u>	<u>\$ -</u>	<u>\$ 1,495</u>	<u>\$ 73,395</u>	<u>\$ 273,153</u>	<u>\$ -</u>

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

	WIC Special Fund	Tax Sale Clearing Fund	Emergency Management Grant	Hamlet Fire Well	Title 3 Fund (No Approp Nec)	Juv. Tracking Grant 04-JF-033	Cops Technology Program
Cash and investments - beginning	\$ -	\$ -	\$ 26,147	\$ 3,070	\$ 3,292	\$ 23	\$ 1,493
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	9,367	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	2,037	474,589	-	281	-	-	-
Total receipts	2,037	474,589	9,367	281	-	-	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	292	474,589	7,460	1,208	-	-	-
Total disbursements	292	474,589	7,460	1,208	-	-	-
Excess (deficiency) of receipts over disbursements	1,745	-	1,907	(927)	-	-	-
Cash and investments - ending	\$ 1,745	\$ -	\$ 28,054	\$ 2,143	\$ 3,292	\$ 23	\$ 1,493

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

	Starke County Check Enfrmnt Fd	Prosecutor's S.T.O.P. Grant	Probation-Indigent Assistance	Hamlet Project With Grant	HAVA Accessibility Grant	2009 Polling Place Grant	Tact Narco Team Rico
Cash and investments - beginning	\$ 1,002	\$ 1,440	\$ 1,500	\$ (269,412)	\$ 9,871	\$ (16)	\$ 14
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	19,206	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	391	-	-	-	-	-	160
Total receipts	391	19,206	-	-	-	-	160
Disbursements:							
Personal services	-	17,309	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	17,309	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	391	1,897	-	-	-	-	160
Cash and investments - ending	\$ 1,393	\$ 3,337	\$ 1,500	\$ (269,412)	\$ 9,871	\$ (16)	\$ 174

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

	Victim's Assistance #2	Knox Lead Track Grant	Knox Lead Track Expenses	Juvenile Account. Blk. Grant	IN Crim Just Vict Ast/ 02VA147	WIC Program	WIC Program #2
Cash and investments - beginning	\$ -	\$ 969	\$ 174,534	\$ (26)	\$ (19,343)	\$ (27)	\$ (816)
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	17,021	-	5,032
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	15,505	-	-
Total receipts	-	-	-	-	32,526	-	5,032
Disbursements:							
Personal services	127	-	-	-	31,858	-	4,304
Supplies	-	-	-	-	-	-	40
Other services and charges	-	-	-	-	-	-	86
Capital outlay	-	-	-	-	-	-	-
Other disbursements	805	-	5,561	-	-	-	-
Total disbursements	932	-	5,561	-	31,858	-	4,430
Excess (deficiency) of receipts over disbursements	(932)	-	(5,561)	-	668	-	602
Cash and investments - ending	\$ (932)	\$ 969	\$ 168,973	\$ (26)	\$ (18,675)	\$ (27)	\$ (214)

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

	WIC Program #3	Pandemic Influenza Preparedness	Mosquito Control Block Grant	WIC Program 2012	Children's Psychiatric Res. Tr	Child Services	Yellow River Debris Project
Cash and investments - beginning	\$ (26,547)	\$ 2,000	\$ 420	\$ 2,291	\$ 1,056	\$ 6,691	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	105,766	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	2,826	-	-	-	-	-	144,041
<b>Total receipts</b>	<b>108,592</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>144,041</b>
Disbursements:							
Personal services	63,458	-	-	-	-	-	-
Supplies	2,653	-	-	-	-	-	-
Other services and charges	9,585	-	-	755	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	69	-	-	-	-	-	144,041
<b>Total disbursements</b>	<b>75,765</b>	<b>-</b>	<b>-</b>	<b>755</b>	<b>-</b>	<b>-</b>	<b>144,041</b>
Excess (deficiency) of receipts over disbursements	32,827	-	-	(755)	-	-	-
Cash and investments - ending	<u>\$ 6,280</u>	<u>\$ 2,000</u>	<u>\$ 420</u>	<u>\$ 1,536</u>	<u>\$ 1,056</u>	<u>\$ 6,691</u>	<u>\$ -</u>

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

	Yellow River Basin Project	County & Local Law Enforcement	Rural Demonstration Project	Public Health Preparedness Grt	LHMF/Tobacco Settlement	Operation Pullover	Victim Assistant Grant-97VA046
Cash and investments - beginning	\$ 23,078	\$ 1,896	\$ (464)	\$ 153	\$ 79,074	\$ (3,943)	\$ (4)
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	527	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	3,500	37	-	-	-	2,045	-
Total receipts	3,500	564	-	-	-	2,045	-
Disbursements:							
Personal services	-	-	132	-	-	2,935	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	26,578	1,710	-	-	-	-	-
Total disbursements	26,578	1,710	132	-	-	2,935	-
Excess (deficiency) of receipts over disbursements	(23,078)	(1,146)	(132)	-	-	(890)	-
Cash and investments - ending	\$ -	\$ 750	\$ (596)	\$ 153	\$ 79,074	\$ (4,833)	\$ (4)



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

	Child Immunization Grant	Drug Analysis Test Kits Grant	SCCC Grant 2013-2014	WTH Grant	WIC 1	WIC 2	Totals
Cash and investments - beginning	\$ 60	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,612,094
Receipts:							
Taxes	-	-	-	-	-	-	20,073,964
Licenses and permits	-	-	-	-	-	-	196,270
Intergovernmental	-	-	-	4,000	4,928	-	5,312,891
Charges for services	-	-	-	-	-	-	1,497,294
Fines and forfeits	-	-	-	-	-	-	1,635,045
Other receipts	-	1,500	102,544	500	89	-	17,451,894
Total receipts	-	1,500	102,544	4,500	5,017	-	46,167,358
Disbursements:							
Personal services	-	-	117,081	-	12,353	533	7,106,586
Supplies	-	-	1,093	-	50	20	806,556
Other services and charges	-	-	7,899	-	3,536	43	3,551,538
Capital outlay	-	-	-	-	-	-	1,252,190
Other disbursements	-	1,488	-	1,500	-	-	33,004,943
Total disbursements	-	1,488	126,073	1,500	15,939	596	45,721,813
Excess (deficiency) of receipts over disbursements	-	12	(23,529)	3,000	(10,922)	(596)	445,545
Cash and investments - ending	\$ 60	\$ 12	\$ (23,529)	\$ 3,000	\$ (10,922)	\$ (596)	\$ 16,057,639

STARKE COUNTY  
SCHEDULE OF PAYABLES AND RECEIVABLES  
December 31, 2013

<u>Government</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 679,566</u>	<u>\$ 2,487,925</u>

STARKE COUNTY  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2013

Lessor	Purpose	Annual Lease Payment*	Lease Beginning Date	Lease Ending Date
Governmental activities: Starke County Building Corporation	Jail Construction	<u>\$ 1,100,000</u>	02-01-14	02-01-34

\*Average annual payment over the term of the lease.

STARKE 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.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 510,804
Infrastructure	34,252,031
Buildings	3,556,665
Improvements other than buildings	84,073
Machinery, equipment, and vehicles	<u>6,104,448</u>
Total capital assets	<u>\$ 44,508,021</u>

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

TO: THE OFFICIALS OF STARKE COUNTY, INDIANA

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

We have audited Starke 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2013-002 to be a material weakness.

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

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

  
Paul D. Joyce, CPA  
State Examiner

July 2, 2014

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTE

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

STARKE 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 Agriculture</u>				
Special Supplemental Nutrition Program for Women, Infants, and Children WIC	Indiana State Department of Health	10.557	WPCG 174-1	\$ 115,726
<u>Department of Commerce</u>				
ARRA - State Broadband Data and Development Grant Program, Recovery Act WTH	Indiana Office of Technology	11.558	FY 2013	2,000
<u>Department of Housing and Urban Development</u>				
CDBG - State-Administered CDBG Cluster Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii Yellow River Debris Clean-Up	Indiana Office of Community and Rural Affairs	14.228	DR2-09-220	144,041
<u>Department of Justice</u>				
Crime Victim Assistance Victim's Assistance Grant # 2	Indiana Criminal Justice Institute	16.575	2013-VA-GX-0036	22,696
Crime Victim Compensation Victim Assistance	Indiana Criminal Justice Institute	16.576	FY 2013	1,141
ARRA - Violence Against Women Formula Grants, Recovery Act Prosecutor's STOP Grant	Indiana Criminal Justice Institute	16.588	2012-WF-AX-0035	19,206
Total - Department of Justice				43,043
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster Highway Planning & Construction Highway Planning	Indiana Department of Transportation	20.205	A249-13-320893	19,474
<u>Department of Health and Human Services</u>				
Child Support Enforcement Title IV-D Clerk Expenditures	Indiana Department of Child Services	93.563	FY 2013	142,646
Title IV-D Prosecutor Expenditures		93.563	FY 2013	26,834
Title IV-D Incentive Expenditures		93.563	FY 2013	47,582
Total - Department of Health and Human Services				217,062
<u>Department of Homeland Security</u>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters) Disaster Grant	Indiana Department of Homeland Security	97.036	FY 2013	6,754
Emergency Management Performance Grants EMA Grant	Indiana Department of Homeland Security	97.042	C44P-4-500B	35,096
Total - Department of Homeland Security				41,850
Total federal awards expended				\$ 583,196

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

STARKE COUNTY  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

***Basis of Presentation***

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

STARKE 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?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
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?	yes

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
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**Section II - Financial Statement Findings**

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

We noted deficiencies in the internal control system of the County related to the preparation of the Schedule of Expenditures of Federal Awards. We believe the following deficiencies constitute material weaknesses:

1. Preparing the Schedule of Expenditures of Federal Awards (SEFA): Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the County's SEFA and then determining how those identified risks should be

STARKE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

managed. The County has not identified risks to the preparation of a reliable SEFA, and as a result, has failed to design effective controls over the preparation of the SEFA to prevent, or detect and correct, material misstatements. The Auditor was solely responsible for preparation of the SEFA. There was no segregation of duties, including no oversight, review, or approval process.

2. **Monitoring of Controls:** Effective internal control over financial reporting requires the Board of Commissioners to monitor and assess the quality of the County's system of internal control. The Board of Commissioners has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility placed the County at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent, or detect and correct, material misstatements in a timely manner. Additionally, the County has no process to identify or communicate corrective actions to improve controls.

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)

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

***FINDING 2013-002 - INTERNAL CONTROL OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO DAVIS-BACON***

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

CFDA Number: 14.228

Federal Award Number and Year: DR2-09-220

Pass-Through Entity: Indiana Office of Community and Rural Affairs

Management of the County has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and to the Davis-Bacon Act compliance requirements that have a direct and material effect on the program. The failure to establish an effective internal control system places the County at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Controls over the monitoring of the Davis-Bacon Act were not designed or implemented. Although the contract for the project included a clause that the contractor will pay prevailing wages to the laborers who are employed to work under the contract, no monitoring, reviewing or testing of wages paid was performed by the County. They relied completely on the Grant Administrator to verify compliance with the Davis-Bacon Act requirements.

STARKE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Non-compliance with the grant agreement or the compliance requirements that have a direct and material effect on the program could result in the loss of federal funds to the County.

We recommended that the County's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirements that have a direct and material effect on the program.

AUDITEE PREPARED DOCUMENT

The subsequent document was provided by management of the County. The document is presented as intended by the County.

# STARKE COUNTY AUDITOR

KATHERINE CHAFFINS

53 EAST MOUND STREET

KNOX, IN 46534

(574) 772-9101

## CORRECTIVE ACTION PLAN

### **FINDING 2013-001: Internal Control over the Schedule of Expenditure of Federal Awards**

Katherine Chaffins, Auditor  
574-772-9105

Jennifer Davis, President Board of Commissioners  
574-772-9106

#### **Description of Corrective Action Plan:**

The preparation of the Starke County SEFA report is the responsibility of the County Auditor and therefore, in the past, has always been completed, along with the County's Annual Report, by the Auditor. Starting with the preparation of the 2014 SEFA and the 2014 County's Annual Report, the Auditor's Office will establish a system in which both the Auditor and the 1<sup>st</sup> Deputy Auditor will participate in the compiling of those reports and will be establishing a checks and balances between the two within the Auditor's Department. More care will be taken to verify the correct program names are identified as well as the correct total expenditures for each grant reported.

The Starke County Board of County Commissioners is presently addressing their need to establish the effective internal control over financial reporting, and in general, over all aspects of operations and information processing.

**Anticipated Completion Date:** The completion date for part one of this finding will be March 1, 2015, as that is the date when the SEFA and CAR are to be completed.

The anticipated completion date of the establishment of effective internal controls, and the monitoring of those internal controls, will begin immediately, and remain in effect with no completion date. The monitoring of the internal controls will not allow for an ending date.

Jennifer Davis  
President, Board of Commissioners

  
Katherine Chaffins  
Auditor of Starke County



# STARKE COUNTY AUDITOR

KATHERINE CHAFFINS

53 EAST MOUND STREET

KNOX, IN 46534

(574) 772-9101

## CORRECTIVE ACTION PLAN

**FINDING 2013-002: Internal Control over Compliance Requirements that have a Direct and Material Effect to Davis Bacon.**

Katherine Chaffins, Auditor  
574-772-9105

Jennifer Davis, President Board of Commissioners  
574-772-9106

### Description of Corrective Action Plan:

Starke County management must establish an internal control system to monitor all contractors on federally funded projects for compliance with Davis Bacon Wage regulations. In order to establish a Davis Bacon monitoring process, the Starke County Auditor will be requesting payroll verification through KIRPC to monitor the proper wage rates are being followed. The payroll verifications will be randomly requested, and will be well documented. Also, as another layer of control, the Payroll Deputy will also review the same payroll records, in order to establish a system of checks and balances within the Auditor's Department. Therefore this system will be creating the checks and balances with KIRPC, who administers the grant for Starke County, to verify they are in compliance with the grant requirements.

**Anticipated Completion Date:** The plan has already been established, effected June 1, 2014, in the monitoring with Federal Grant 06-01-05747, the CR300E SR8 Intersection Grant, and will continue with the Federal Grant A249-11-320633, the CR300E Project. The CR300E Project held its Pre-Construction Meeting on Friday, June 27<sup>th</sup>.

  
Katherine Chaffins  
Auditor of Starke County

#### 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/>.