

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

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



FILED
08/22/2014

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance With Government Auditing Standards	6-7
Financial Statement:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	10-11
Notes to Financial Statement	12-17
Supplementary Information - Unaudited:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	20-39
Schedule of Leases and Debt	40
Schedule of Capital Assets	41
Other Reports	42
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for the Major Federal Program and on Internal Control Over Compliance	44-45
Schedule of Expenditures of Federal Awards	48
Note to Schedule of Expenditures of Federal Awards	49
Schedule of Findings and Questioned Costs	50-52
Auditee Prepared Schedule:	
Corrective Action Plan	53
Exit Conference	54

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Nicholas Wildeman Kyle Haney	01-01-11 to 01-12-14 01-13-14 to 12-31-14
Treasurer	Linda Curtis Chris Harp Justin White	01-01-09 to 12-31-12 01-01-12 to 03-18-12 03-19-12 to 12-31-16
Clerk	Betty B. Postlethweight	01-01-11 to 12-31-14
Sheriff	Greg Oeth	01-01-11 to 12-31-14
Recorder	Martha Breeze Mary Rhoades	01-01-11 to 09-30-13 10-01-13 to 12-31-14
President of the Board of County Commissioners	James Alsop Carl Schmitz	01-01-12 to 12-31-12 01-01-13 to 12-31-14
President of the County Council	Robert Gentil	01-01-12 to 12-31-14



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF POSEY COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of Posey County (County), which comprises the financial position and results of operations for the year ended December 31, 2012, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the County prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the County for the year ended December 31, 2012.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the County for the year ended December 31, 2012, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated March 17, 2014, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Accompanying Information

Supplementary Information

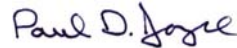
Our audit was conducted for the purpose of forming an opinion on the County's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

Other Information

Included in the financial statement are the receipts and disbursements activity from emergency telephone system fees (IC 36-8-16), enhanced wireless emergency telephone fees (IC 36-8-16.5), and statewide 911 services fees (IC 36-8-16.7). In accordance with Indiana Code 36-8-16-14, Indiana Code 36-8-16.5-41, and Indiana Code 36-8-16.7-38, these fees have been subject to an annual audit performed by the Indiana State Board of Accounts and, in our opinion, are fairly stated, in all material respects, in relation to the financial statement taken as a whole.


Paul D. Joyce, CPA
State Examiner

March 17, 2014



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

TO: THE OFFICIALS OF POSEY 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 Posey County (County), which comprises the financial position and results of operations for the year ended December 31, 2012, and the related notes to the financial statement, and have issued our report thereon dated March 17, 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 2012-1 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

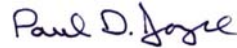
As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 item 2012-1.

Posey County's Response to Findings

The County's response to the finding 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

March 17, 2014

(This page intentionally left blank.)

FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the County. The financial statement and notes are presented as intended by the County.

POSEY COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2012

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
General	\$ 7,941,630	\$ 10,658,337	\$ 10,406,043	\$ 8,193,924
Accident Report	1,538	946	1,457	1,027
Child Advocacy	479	100	-	579
City and Town Court Costs	12,702	5,759	-	18,461
Clerk's Records Perpetuation	22,299	6,476	123	28,652
Community Corrections	47,498	269,504	283,689	33,313
Community Transition Program	50,315	11,358	-	61,673
Congressional School Interest	28,031	99	-	28,130
Congressional School Principal	44,555	-	-	44,555
Sales Disclosure - County Share	30,002	2,865	-	32,867
Cumulative Bridge	921,452	1,831,166	1,731,593	1,021,025
Cumulative Capital Development	440,393	393,888	398,659	435,622
Drug Free Community	56,780	14,526	12,030	59,276
D.A.R.E.	100	-	-	100
Emergency Planning/Right To Know	19,808	10,786	13,307	17,287
Emergency Telephone System	(1,057)	133,560	132,503	-
Firearms Training	24,591	12,684	9,575	27,700
Law Enforcement - Sheriff	288	-	-	288
Health	539,079	329,348	178,657	689,770
Identification Security Protection	4,354	2,856	-	7,210
Levy Excess	32,128	-	-	32,128
Local Health Maintenance	7,917	65,830	32,041	41,706
Local Road and Street	(393)	246,548	243,072	3,083
Misdemeanor	29,081	19,396	23,379	25,098
Motor Vehicle Highway	353,510	2,414,230	2,507,559	260,181
Plat Book	17,678	5,440	-	23,118
Rainy Day	1,471,999	112,407	-	1,584,406
Reassessment - 2009	636,502	492	270,598	366,396
Reassessment - 2015	-	113,516	-	113,516
Recorder's Records Perpetuation	73,006	164,376	73,611	163,771
Riverboat	250,818	98,764	-	349,582
Sex and Violent Offender Administration	3,395	1,648	1,443	3,600
Supplemental Public Defender Services	1,376	699	-	2,075
Surplus Tax	64,977	30,936	35,274	60,639
Surveyor's Corner Perpetuation	19,869	5,940	10,061	15,748
Tax Sale Fees	-	28,602	1,103	27,499
Tax Sale Redemption	1,359	36,961	39,619	(1,299)
Tax Sale Surplus	170,584	57,847	33,887	194,544
Local Health Department Trust Account	22,900	18,312	15,649	25,563
Unsafe Building	2,175	-	-	2,175
Victim Impact Program	3,813	-	-	3,813
Wireless Emergency Telephone System	47,267	46,181	93,447	1
GAL/CASA	399	-	-	399
Distressed Road	283	-	-	283
Statewide 911	-	167,893	163,272	4,621
Adult Probation Administrative	22,600	59,410	67,190	14,820
Juvenile Probation Administrative	(1,533)	2,308	899	(124)
Drainage Maintenance	(5,553)	5,553	-	-
Payroll Clearing	347,847	4,999,839	5,119,646	228,040
Sheriff Pension Holding	2,007	8,554	7,922	2,639
Wheel Tax/Surtax Combined	30,657	602,860	545,295	88,222
CVET Agency	-	176,594	176,594	-
Weed Lien Collections	-	7,753	7,753	-
Sewage Collections	211	5,655	5,680	186
Financial Institution Tax	13,276	131,188	125,234	19,230
COIT Homestead	-	345,560	345,560	-
HEA 1001 State Homestead Credit	(145)	-	58	(203)
Homestead Credit Rebate	22,484	-	-	22,484
State Fines and Forfeitures	(287)	771	467	17
Infraction Judgments	1,284	16,686	16,949	1,021
Special Death Benefit	115	1,315	1,225	205
Sales Disclosure - State Share	-	2,865	2,585	280
Coroners Training & Continuing Education	102	1,447	1,412	137
Mortgage Recording Fees - State Share	273	3,365	3,328	310
Sex and Violent Offender Admin - State	6	32	33	5
Inheritance Tax	174,877	590,808	752,325	13,360
Education Plate Fees Agency	-	563	525	38
Riverboat Revenue Sharing	-	153,489	153,489	-
93.563 ARRA Prosecutor IV-D Incentive	417	-	-	417
93.563 ARRA Clerk IV-D Incentive	786	-	-	786
93.563 Title IV-D Incentive	-	20,144	-	20,144

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

POSEY COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2012
(Continued)

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
93.563 Prosecutor IV-D Incentive-Post Oct '99	43,993	11,536	785	54,744
93.563 Clerk IV-D Incentive-Post Oct '99	35,528	7,665	1,683	41,510
User Law Enforcement Fund	4,214	4,200	-	8,414
CERT Grant	12	-	-	12
Elected Official Training Fund	964	2,826	881	2,909
Pretrial Diversion	8,208	5,472	550	13,130
Juvenile Informal Adj Program	1,020	1,705	356	2,369
Users Fees Fund	28,979	-	3,535	25,444
Deferral Program Fee	61,653	36,673	22,758	75,568
Jury Users Fees	14,376	3,086	-	17,462
Compton Maintenance	10,080	1,116	40	11,156
Little Creek - Drain MTCE	44,357	23,786	58,375	9,768
Vaal - Drain MTCE	(1,361)	7,920	3,680	2,879
Whipple Ditch - Drain MTCE	13,248	7,339	7,274	13,313
Rueger Ditch - Drain MTCE	39,483	16,824	25,548	30,759
Persimmon Pond - Drain MTCE	3,813	3,231	3,545	3,499
Drain Improvements	17,113	14,587	-	31,700
Big Creek Maintenance	13,964	47,903	43,062	18,805
Wabash Levee	6,244	9,183	10,579	4,848
Black River Maintenance	(14,829)	29,556	14,727	-
Race & Gender Fairness Grant	2,322	-	-	2,322
EMA Technology Equipment Grant	1	-	-	1
EMS Computer Technology Grant	7	-	-	7
C44P-1-138A Homeland Security	-	3,600	3,600	-
Jail Maintenance Fund	155,550	62,524	89,942	128,132
Community Corrections Income Fund	94,782	63,622	77,786	80,618
Prosecutor's Law Enforcement	586	1,785	1,990	381
EDIT Certified Shares	37,000	3,671,056	3,429,600	278,456
COIT Distribution Fund	-	2,966,333	2,966,333	-
Township Assistance	(1,302)	-	-	(1,302)
Township Firefighting Fund	(2,422)	-	-	(2,422)
Township	44,563	-	-	44,563
Township Cumulative Fire Fighting Fund	(47,016)	-	-	(47,016)
School General	21,165	-	-	21,165
School Debt Service	(26,288)	-	-	(26,288)
Library	2,222	-	-	2,222
Corporations	2,941	-	-	2,941
Police Pension	(3,439)	-	-	(3,439)
Parks & Recreation	(2,478)	-	-	(2,478)
Cumulative Capital - Cities	175	-	-	175
Wastewater Study - Wadesville/Blairsville	(20,000)	-	-	(20,000)
Hazardous Substances	22,750	-	-	22,750
Payment in Lieu of Taxes	8,309	8,081	-	16,390
Federal Forfeiture Fund	7,417	-	7,190	227
14.228 Wabash Levee Unit #5	4,290	1,115,169	1,119,459	-
20.600 Operation Pullover	-	3,300	3,099	201
20.602 Rural Demo Proj Grant	-	1,754	1,477	277
11.558 ARRA GIS Data Exchange	-	2,000	1,500	500
Settlement Fund	14,877	34,696,790	34,711,667	-
LARE Grant Big Creek Study	(1,269)	16,912	15,644	(1)
RR Xing Grant A24910320823	13,860	-	13,860	-
RR Xing Grant A249-11-320352A	4,840	-	4,840	-
C44P-1-188A Emergency Training	8,400	-	8,400	-
Posey County HAVA Grant	-	10,000	8,180	1,820
Property Tax Replacement Credit	3	-	-	3
Reassessment (1999)	(816)	816	-	-
Lease Rental Jail	1,728	-	-	1,728
Surplus Dog Tax	829	-	-	829
Retainage W. Lowe	2,272	-	-	2,272
Bail Bond	155	-	-	155
Health Board Gift Fund	42	-	-	42
Health Maintenance Tobacco Settlement Fund	33,158	3,168	36,326	-
Mental Health	417,566	355,900	285,289	488,177
EDIT County's Portion	470,399	2,988,941	2,681,340	778,000
GIS Mapping	2,250	-	-	2,250
After Settlement Collections	519,299	330,760	519,299	330,760
Jail Commissary	18,674	128,221	116,961	29,934
Clerk's Trust	217,044	1,582,451	1,520,810	278,685
Totals	\$ 16,360,409	\$ 72,704,826	\$ 71,867,790	\$ 17,197,445

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

POSEY 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. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the County.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

POSEY 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).

Penalties which include fees received for late payments.

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

E. Disbursements

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

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

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

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

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

POSEY COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

POSEY COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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

POSEY COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

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 this financial statement.

POSEY COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. *Cash Balance Deficits*

The financial statement contains some funds with deficits in cash. This is a result of a combination of cumulative posting errors and overspending cash balances.

(This page intentionally left blank.)

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.

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

	General	Accident Report	Child Advocacy	City and Town Court Costs	Clerk's Records Perpetuation	Community Corrections	Community Transition Program
Cash and investments - beginning	\$ 7,941,630	\$ 1,538	\$ 479	\$ 12,702	\$ 22,299	\$ 47,498	\$ 50,315
Receipts:							
Taxes	8,542,490	-	-	-	-	-	-
Intergovernmental	39,195	-	-	-	-	-	-
Charges for services	1,228,544	-	-	-	-	-	-
Other receipts	848,108	946	100	5,759	6,476	269,504	11,358
Total receipts	10,658,337	946	100	5,759	6,476	269,504	11,358
Disbursements:							
Personal services	7,482,124	-	-	-	-	-	-
Supplies	520,720	-	-	-	-	-	-
Other services and charges	2,133,658	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	207,372	-	-	-	-	-	-
Other disbursements	62,169	1,457	-	-	123	283,689	-
Total disbursements	10,406,043	1,457	-	-	123	283,689	-
Excess (deficiency) of receipts over disbursements	252,294	(511)	100	5,759	6,353	(14,185)	11,358
Cash and investments - ending	\$ 8,193,924	\$ 1,027	\$ 579	\$ 18,461	\$ 28,652	\$ 33,313	\$ 61,673

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

	Congressional School Interest	Congressional School Principal	Sales Disclosure - County Share	Cumulative Bridge	Cumulative Capital Development	Drug Free Community	D.A.R.E.
Cash and investments - beginning	\$ 28,031	\$ 44,555	\$ 30,002	\$ 921,452	\$ 440,393	\$ 56,780	\$ 100
Receipts:							
Taxes	-	-	-	1,820,245	392,328	-	-
Intergovernmental	-	-	-	7,241	1,560	-	-
Charges for services	-	-	-	-	-	-	-
Other receipts	99	-	2,865	3,680	-	14,526	-
Total receipts	99	-	2,865	1,831,166	393,888	14,526	-
Disbursements:							
Personal services	-	-	-	379,295	-	-	-
Supplies	-	-	-	355,968	-	-	-
Other services and charges	-	-	-	960,289	63,950	-	-
Debt service - principal and interest	-	-	-	-	193,457	-	-
Capital outlay	-	-	-	34,919	141,010	-	-
Other disbursements	-	-	-	1,122	242	12,030	-
Total disbursements	-	-	-	1,731,593	398,659	12,030	-
Excess (deficiency) of receipts over disbursements	99	-	2,865	99,573	(4,771)	2,496	-
Cash and investments - ending	\$ 28,130	\$ 44,555	\$ 32,867	\$ 1,021,025	\$ 435,622	\$ 59,276	\$ 100

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

	Emergency Planning/Right To Know	Emergency Telephone System	Firearms Training	Law Enforcement - Sheriff	Health	Identification Security Protection	Levy Excess
Cash and investments - beginning	\$ 19,808	\$ (1,057)	\$ 24,591	\$ 288	\$ 539,079	\$ 4,354	\$ 32,128
Receipts:							
Taxes	-	-	-	-	312,668	-	-
Intergovernmental	-	-	-	-	1,244	-	-
Charges for services	-	-	-	-	15,436	-	-
Other receipts	10,786	133,560	12,684	-	-	2,856	-
Total receipts	10,786	133,560	12,684	-	329,348	2,856	-
Disbursements:							
Personal services	-	102,024	-	-	154,083	-	-
Supplies	4,644	-	-	-	4,714	-	-
Other services and charges	7,340	5,894	-	-	17,571	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	1,323	24,585	-	-	1,000	-	-
Other disbursements	-	-	9,575	-	1,289	-	-
Total disbursements	13,307	132,503	9,575	-	178,657	-	-
Excess (deficiency) of receipts over disbursements	(2,521)	1,057	3,109	-	150,691	2,856	-
Cash and investments - ending	\$ 17,287	\$ -	\$ 27,700	\$ 288	\$ 689,770	\$ 7,210	\$ 32,128

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

	Local Health Maintenance	Local Road and Street	Misdemeanant	Motor Vehicle Highway	Plat Book	Rainy Day	Reassessment - 2009
Cash and investments - beginning	\$ 7,917	\$ (393)	\$ 29,081	\$ 353,510	\$ 17,678	\$ 1,471,999	\$ 636,502
Receipts:							
Taxes	-	-	-	144,464	-	-	-
Intergovernmental	-	-	-	2,149,997	-	-	382
Charges for services	-	-	-	-	5,440	-	-
Other receipts	65,830	246,548	19,396	119,769	-	112,407	110
Total receipts	65,830	246,548	19,396	2,414,230	5,440	112,407	492
Disbursements:							
Personal services	807	-	-	1,450,587	-	-	21,542
Supplies	9,160	-	19,922	641,586	-	-	11,508
Other services and charges	149	243,072	3,457	297,227	-	-	234,912
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	21,925	-	-	88,159	-	-	1,820
Other disbursements	-	-	-	30,000	-	-	816
Total disbursements	32,041	243,072	23,379	2,507,559	-	-	270,598
Excess (deficiency) of receipts over disbursements	33,789	3,476	(3,983)	(93,329)	5,440	112,407	(270,106)
Cash and investments - ending	\$ 41,706	\$ 3,083	\$ 25,098	\$ 260,181	\$ 23,118	\$ 1,584,406	\$ 366,396

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

	Reassessment - 2015	Recorder's Records Perpetuation	Riverboat	Sex and Violent Offender Administration	Supplemental Public Defender Services	Surplus Tax	Surveyor's Corner Perpetuation
Cash and investments - beginning	\$ -	\$ 73,006	\$ 250,818	\$ 3,395	\$ 1,376	\$ 64,977	\$ 19,869
Receipts:							
Taxes	113,516	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	164,376	-	-	-	-	5,940
Other receipts	-	-	98,764	1,648	699	30,936	-
Total receipts	113,516	164,376	98,764	1,648	699	30,936	5,940
Disbursements:							
Personal services	-	-	-	-	-	-	10,061
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	73,611	-	1,443	-	35,274	-
Total disbursements	-	73,611	-	1,443	-	35,274	10,061
Excess (deficiency) of receipts over disbursements	113,516	90,765	98,764	205	699	(4,338)	(4,121)
Cash and investments - ending	\$ 113,516	\$ 163,771	\$ 349,582	\$ 3,600	\$ 2,075	\$ 60,639	\$ 15,748

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

	Tax Sale Fees	Tax Sale Redemption	Tax Sale Surplus	Local Health Department Trust Account	Unsafe Building	Victim Impact Program	Wireless Emergency Telephone System
Cash and investments - beginning	\$ -	\$ 1,359	\$ 170,584	\$ 22,900	\$ 2,175	\$ 3,813	\$ 47,267
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Other receipts	28,602	36,961	57,847	18,312	-	-	46,181
Total receipts	28,602	36,961	57,847	18,312	-	-	46,181
Disbursements:							
Personal services	-	-	-	12,699	-	-	49,367
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	2,950	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	1,103	39,619	33,887	-	-	-	44,080
Total disbursements	1,103	39,619	33,887	15,649	-	-	93,447
Excess (deficiency) of receipts over disbursements	27,499	(2,658)	23,960	2,663	-	-	(47,266)
Cash and investments - ending	\$ 27,499	\$ (1,299)	\$ 194,544	\$ 25,563	\$ 2,175	\$ 3,813	\$ 1

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

	<u>GAL/CASA</u>	<u>Distressed Road</u>	<u>Statewide 911</u>	<u>Adult Probation Administrative</u>	<u>Juvenile Probation Administrative</u>	<u>Drainage Maintenance</u>	<u>Payroll Clearing</u>
Cash and investments - beginning	\$ 399	\$ 283	\$ -	\$ 22,600	\$ (1,533)	\$ (5,553)	\$ 347,847
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Other receipts	-	-	167,893	59,410	2,308	5,553	4,999,839
Total receipts	-	-	167,893	59,410	2,308	5,553	4,999,839
Disbursements:							
Personal services	-	-	147,379	60,474	-	-	5,119,646
Supplies	-	-	-	1,767	-	-	-
Other services and charges	-	-	4,734	4,949	899	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	11,159	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	-	163,272	67,190	899	-	5,119,646
Excess (deficiency) of receipts over disbursements	-	-	4,621	(7,780)	1,409	5,553	(119,807)
Cash and investments - ending	\$ 399	\$ 283	\$ 4,621	\$ 14,820	\$ (124)	\$ -	\$ 228,040

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

	Sheriff Pension Holding	Wheel Tax/Surtax Combined	CVET Agency	Weed Lien Collections	Sewage Collections	Financial Institution Tax	COIT Homestead
Cash and investments - beginning	\$ 2,007	\$ 30,657	\$ -	\$ -	\$ 211	\$ 13,276	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	176,594	-	-	131,188	-
Charges for services	-	-	-	-	-	-	-
Other receipts	8,554	602,860	-	7,753	5,655	-	345,560
Total receipts	8,554	602,860	176,594	7,753	5,655	131,188	345,560
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	7,922	545,295	176,594	7,753	5,680	125,234	345,560
Total disbursements	7,922	545,295	176,594	7,753	5,680	125,234	345,560
Excess (deficiency) of receipts over disbursements	632	57,565	-	-	(25)	5,954	-
Cash and investments - ending	\$ 2,639	\$ 88,222	\$ -	\$ -	\$ 186	\$ 19,230	\$ -

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

	HEA 1001 State Homestead Credit	Homestead Credit Rebate	State Fines and Forfeitures	Infraction Judgments	Special Death Benefit	Sales Disclosure - State Share	Coroners Training & Continuing Education
Cash and investments - beginning	\$ (145)	\$ 22,484	\$ (287)	\$ 1,284	\$ 115	\$ -	\$ 102
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Other receipts	-	-	771	16,686	1,315	2,865	1,447
Total receipts	-	-	771	16,686	1,315	2,865	1,447
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	58	-	467	16,949	1,225	2,585	1,412
Total disbursements	58	-	467	16,949	1,225	2,585	1,412
Excess (deficiency) of receipts over disbursements	(58)	-	304	(263)	90	280	35
Cash and investments - ending	\$ (203)	\$ 22,484	\$ 17	\$ 1,021	\$ 205	\$ 280	\$ 137

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

	Mortgage Recording Fees - State Share	Sex and Violent Offender Admin - State	Inheritance Tax	Education Plate Fees Agency	Riverboat Revenue Sharing	93.563 ARRA Prosecutor IV-D Incentive	93.563 ARRA Clerk IV-D Incentive
Cash and investments - beginning	\$ 273	\$ 6	\$ 174,877	\$ -	\$ -	\$ 417	\$ 786
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	3,365	-	-	-	-	-	-
Other receipts	-	32	590,808	563	153,489	-	-
Total receipts	3,365	32	590,808	563	153,489	-	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	3,328	33	752,325	525	153,489	-	-
Total disbursements	3,328	33	752,325	525	153,489	-	-
Excess (deficiency) of receipts over disbursements	37	(1)	(161,517)	38	-	-	-
Cash and investments - ending	\$ 310	\$ 5	\$ 13,360	\$ 38	\$ -	\$ 417	\$ 786

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

	93.563 Title IV-D Incentive	93.563 Prosecutor IV-D Incentive-Post Oct '99	93.563 Clerk IV-D Incentive-Post Oct '99	User Law Enforcement Fund	CERT Grant	Elected Official Training Fund	Pretrial Diversion
Cash and investments - beginning	\$ -	\$ 43,993	\$ 35,528	\$ 4,214	\$ 12	\$ 964	\$ 8,208
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	2,826	-
Other receipts	20,144	11,536	7,665	4,200	-	-	5,472
Total receipts	20,144	11,536	7,665	4,200	-	2,826	5,472
Disbursements:							
Personal services	-	-	-	-	-	881	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	550
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	785	-	-	-	-	-
Other disbursements	-	-	1,683	-	-	-	-
Total disbursements	-	785	1,683	-	-	881	550
Excess (deficiency) of receipts over disbursements	20,144	10,751	5,982	4,200	-	1,945	4,922
Cash and investments - ending	\$ 20,144	\$ 54,744	\$ 41,510	\$ 8,414	\$ 12	\$ 2,909	\$ 13,130

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

	Juvenile Informal Adj Program	Users Fees Fund	Deferral Program Fee	Jury Users Fees	Compton Maintenance	Little Creek - Drain MTCE	Vaal - Drain MTCE
Cash and investments - beginning	\$ 1,020	\$ 28,979	\$ 61,653	\$ 14,376	\$ 10,080	\$ 44,357	\$ (1,361)
Receipts:							
Taxes	-	-	-	-	1,116	23,786	7,920
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Other receipts	1,705	-	36,673	3,086	-	-	-
Total receipts	1,705	-	36,673	3,086	1,116	23,786	7,920
Disbursements:							
Personal services	-	-	13,319	-	-	-	-
Supplies	-	-	2,310	-	-	-	-
Other services and charges	356	-	5,147	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	1,982	-	-	-	-
Other disbursements	-	3,535	-	-	40	58,375	3,680
Total disbursements	356	3,535	22,758	-	40	58,375	3,680
Excess (deficiency) of receipts over disbursements	1,349	(3,535)	13,915	3,086	1,076	(34,589)	4,240
Cash and investments - ending	\$ 2,369	\$ 25,444	\$ 75,568	\$ 17,462	\$ 11,156	\$ 9,768	\$ 2,879

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

	Whipple Ditch - Drain MTCE	Rueger Ditch - Drain MTCE	Persimmon Pond - Drain MTCE	Drain Improvements	Big Creek Maintenance	Wabash Levee	Black River Maintenance
Cash and investments - beginning	\$ 13,248	\$ 39,483	\$ 3,813	\$ 17,113	\$ 13,964	\$ 6,244	\$ (14,829)
Receipts:							
Taxes	7,339	16,824	3,231	-	47,903	9,183	14,727
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Other receipts	-	-	-	14,587	-	-	14,829
Total receipts	7,339	16,824	3,231	14,587	47,903	9,183	29,556
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	7,274	25,548	3,545	-	43,062	10,579	14,727
Total disbursements	7,274	25,548	3,545	-	43,062	10,579	14,727
Excess (deficiency) of receipts over disbursements	65	(8,724)	(314)	14,587	4,841	(1,396)	14,829
Cash and investments - ending	\$ 13,313	\$ 30,759	\$ 3,499	\$ 31,700	\$ 18,805	\$ 4,848	\$ -

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

	Race & Gender Fairness Grant	EMA Technology Equipment Grant	EMS Computer Technology Grant	C44P-1-138A Homeland Security	Jail Maintenance Fund	Community Corrections Income Fund	Prosecutor's Law Enforcement
Cash and investments - beginning	\$ 2,322	\$ 1	\$ 7	\$ -	\$ 155,550	\$ 94,782	\$ 586
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Other receipts	-	-	-	3,600	62,524	63,622	1,785
Total receipts	-	-	-	3,600	62,524	63,622	1,785
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	67,741	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	22,201	-	-
Other disbursements	-	-	-	3,600	-	77,786	1,990
Total disbursements	-	-	-	3,600	89,942	77,786	1,990
Excess (deficiency) of receipts over disbursements	-	-	-	-	(27,418)	(14,164)	(205)
Cash and investments - ending	\$ 2,322	\$ 1	\$ 7	\$ -	\$ 128,132	\$ 80,618	\$ 381

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

	EDIT Certified Shares	COIT Distribution Fund	Township Assistance	Township Firefighting Fund	Township	Township Cumulative Fire Fighting Fund	School General
Cash and investments - beginning	\$ 37,000	\$ -	\$ (1,302)	\$ (2,422)	\$ 44,563	\$ (47,016)	\$ 21,165
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Other receipts	3,671,056	2,966,333	-	-	-	-	-
Total receipts	3,671,056	2,966,333	-	-	-	-	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	3,429,600	2,966,333	-	-	-	-	-
Total disbursements	3,429,600	2,966,333	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	241,456	-	-	-	-	-	-
Cash and investments - ending	\$ 278,456	\$ -	\$ (1,302)	\$ (2,422)	\$ 44,563	\$ (47,016)	\$ 21,165

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

	School Debt Service	Library	Corporations	Police Pension	Parks & Recreation	Cumulative Capital - Cities	Wastewater Study - Wadesville/Blairsville
Cash and investments - beginning	\$ (26,288)	\$ 2,222	\$ 2,941	\$ (3,439)	\$ (2,478)	\$ 175	\$ (20,000)
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-
Cash and investments - ending	\$ (26,288)	\$ 2,222	\$ 2,941	\$ (3,439)	\$ (2,478)	\$ 175	\$ (20,000)

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

	Hazardous Substances	Payment in Lieu of Taxes	Federal Forfeiture Fund	14.228 Wabash Levee Unit #5	20.600 Operation Pullover	20.602 Rural Demo Proj Grant	11.558 ARRA GIS Data Exchange
Cash and investments - beginning	\$ 22,750	\$ 8,309	\$ 7,417	\$ 4,290	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Other receipts	-	8,081	-	1,115,169	3,300	1,754	2,000
Total receipts	-	8,081	-	1,115,169	3,300	1,754	2,000
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	7,190	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	1,119,459	3,099	1,477	1,500
Total disbursements	-	-	7,190	1,119,459	3,099	1,477	1,500
Excess (deficiency) of receipts over disbursements	-	8,081	(7,190)	(4,290)	201	277	500
Cash and investments - ending	\$ 22,750	\$ 16,390	\$ 227	\$ -	\$ 201	\$ 277	\$ 500

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

	Settlement Fund	LARE Grant Big Creek Study	RR Xing Grant A24910320823	RR Xing Grant A249-11-320352A	C44P-1-188A Emergency Training	Posey County HAVA Grant	Property Tax Replacement Credit
Cash and investments - beginning	\$ 14,877	\$ (1,269)	\$ 13,860	\$ 4,840	\$ 8,400	\$ -	\$ 3
Receipts:							
Taxes	33,693,889	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Other receipts	1,002,901	16,912	-	-	-	10,000	-
Total receipts	34,696,790	16,912	-	-	-	10,000	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	34,711,667	15,644	13,860	4,840	8,400	8,180	-
Total disbursements	34,711,667	15,644	13,860	4,840	8,400	8,180	-
Excess (deficiency) of receipts over disbursements	(14,877)	1,268	(13,860)	(4,840)	(8,400)	1,820	-
Cash and investments - ending	\$ -	\$ (1)	\$ -	\$ -	\$ -	\$ 1,820	\$ 3

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

	Reassessment (1999)	Lease Rental Jail	Surplus Dog Tax	Retainage W. Lowe	Bail Bond	Health Board Gift Fund	Health Maintenance Tobacco Settlement Fund
Cash and investments - beginning	\$ (816)	\$ 1,728	\$ 829	\$ 2,272	\$ 155	\$ 42	\$ 33,158
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Other receipts	816	-	-	-	-	-	3,168
Total receipts	816	-	-	-	-	-	3,168
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	36,326
Total disbursements	-	-	-	-	-	-	36,326
Excess (deficiency) of receipts over disbursements	816	-	-	-	-	-	(33,158)
Cash and investments - ending	\$ -	\$ 1,728	\$ 829	\$ 2,272	\$ 155	\$ 42	\$ -

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

	Mental Health	EDIT County's Portion	GIS Mapping	After Settlement Collections	Jail Commissary	Clerk's Trust	Totals
Cash and investments - beginning	\$ 417,566	\$ 470,399	\$ 2,250	\$ 519,299	\$ 18,674	\$ 217,044	\$ 16,360,409
Receipts:							
Taxes	354,490	-	-	330,760	-	-	45,836,879
Intergovernmental	1,410	-	-	-	-	-	2,508,811
Charges for services	-	-	-	-	128,221	-	1,554,148
Other receipts	-	2,988,941	-	-	-	1,582,451	22,804,988
Total receipts	355,900	2,988,941	-	330,760	128,221	1,582,451	72,704,826
Disbursements:							
Personal services	-	-	-	-	-	-	15,004,288
Supplies	-	-	-	-	-	-	1,579,489
Other services and charges	-	1,862,344	-	-	-	-	5,917,189
Debt service - principal and interest	-	-	-	-	-	-	193,457
Capital outlay	-	-	-	-	-	-	558,240
Other disbursements	285,289	818,996	-	519,299	116,961	1,520,810	48,615,127
Total disbursements	285,289	2,681,340	-	519,299	116,961	1,520,810	71,867,790
Excess (deficiency) of receipts over disbursements	70,611	307,601	-	(188,539)	11,260	61,641	837,036
Cash and investments - ending	\$ 488,177	\$ 778,000	\$ 2,250	\$ 330,760	\$ 29,934	\$ 278,685	\$ 17,197,445

POSEY COUNTY
SCHEDULE OF LEASES AND DEBT
December 31, 2012

Description of Debt		Ending	Principal and
Type	Purpose	Principal	Interest Due
		Balance	Within One
			Year
Governmental activities:			
Revenue bonds	Bond Debt Service - Courthouse	\$ 1,125,000	\$ 96,156
Notes and loans payable	Highway Patching Machines	63,804	-
Notes and loans payable	Highway Wheel Loader	33,949	34,919
Notes and loans payable	Highway Wheel Loader	37,956	38,170
Notes and loans payable	Distressed Road Loan	661,283	-
Notes and loans payable	Enhanced E-911 Service	282,519	79,176
Total governmental activities		<u>2,204,511</u>	<u>248,421</u>
Totals		<u>\$ 2,204,511</u>	<u>\$ 248,421</u>

POSEY COUNTY
SCHEDULE OF CAPITAL ASSETS
December 31, 2012

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

	Ending Balance
Governmental activities:	
Infrastructure	\$ 75,580,813
Buildings	14,577,337
Machinery, equipment, and vehicles	<u>4,224,749</u>
Total governmental activities	<u>94,382,899</u>
Total capital assets	<u><u>\$ 94,382,899</u></u>

POSEY COUNTY
OTHER REPORTS

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

County Auditor
County Commissioners
County Sheriff

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

TO: THE OFFICIALS OF POSEY COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

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

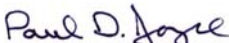
Report on Internal Control Over Compliance

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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the 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

March 17, 2014

(This page intentionally left blank.)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

POSEY COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2012

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Commerce</u>				
ARRA - State Broadband Data and Development Grant Program GIS Data Exchange	Indiana Office of Technology	11.558	D20-2-7765	\$ 1,500
Total - Department of Commerce				1,500
<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 Wabash Levee Unit #5	Indiana Office of Community and Rural Affairs	14.228	EDS #A192-11-DR2-09-205	1,119,459
Total - Department of Housing and Urban Development				1,119,459
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster Highway Planning and Construction Bridge Inspection	Indiana Department of Transportation	20.205	DES #0901461	3,680
Highway Safety Cluster Occupant Protection Incentive Grants Rural Demo Proj Grant	Indiana Criminal Justice Institute	20.602	032NHTSA4052012	1,477
Safety Belt Performance Grants Operation Pullover	Indiana Criminal Justice Institute	20.609	D3-12-6525	3,099
Total - Highway Safety Cluster				4,576
Interagency Hazardous Materials Public Sector Training and Planning Grants C44P-1-188A Emergency Training	Indiana Department of Homeland Security	20.703	C44P-1-188A	8,400
Total - Department of Transportation				16,656
<u>Department of Health and Human Services</u>				
Child Support Enforcement	Indiana Department of Child Services	93.563	Prosecutor IV-D Incentive Clerk IV-D Incentive Title IV-D Incentive Prosecutor Reimbursement Clerk Reimbursement Indirect Costs	11,536 7,665 7,665 90,009 50,145 54,833
Total - Child Support Enforcement				221,853
Voting Access for Individuals with Disabilities - Grants to States	Secretary of State	93.617	0630903INVOTE09	8,180
Total - Department of Health and Human Services				230,033
<u>Department of Homeland Security</u>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters) General Highway	Indiana Department of Homeland Security	97.036	DR 1997 DR 1997	23,383 89,857
Total - Disaster Grants - Public Assistance (Presidentially Declared Disasters)				113,240
Emergency Management Performance Grants Salary Reimbursement Competitive	Indiana Department of Homeland Security	97.042	C44P-2-370A C44P-2-119A	15,181 3,600
Total - Emergency Management Performance Grants				18,781
Total - Department of Homeland Security				132,021
Total federal awards expended				\$ 1,499,669

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

POSEY 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.

POSEY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for the major program:	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 Program:

CFDA Number	Name of Federal Program or Cluster
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii

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

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

Section II - Financial Statement Findings

**FINDING 2012-1 - INTERNAL CONTROLS OVER THE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The County did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The County should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

POSEY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

During the audit of the SEFA, errors noted include several instances of each of the following: State and local grants were included on the SEFA, programs were omitted, program names were incorrect, CFDA numbers were incorrect, awards received as a subrecipient were presented as direct awards without listing the pass-through entity names, and pass-through entity numbers were omitted. 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 County Auditors of Indiana, Chapter 14)

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.

POSEY 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."

2 CFR 176.210(b) states:

"For recipients covered by the Single Audit Act Amendments of 1996 and OMB Circular A-133, 'Audits of States, Local Governments, and Non-Profit Organizations,' recipients agree to separately identify the expenditures for Federal awards under the Recovery Act on the Schedule of Expenditures of Federal Awards (SEFA) and the Data Collection Form (SF-SAC) required by OMB Circular A-133. . . . This shall be accomplished by identifying expenditures for Federal awards made under the Recovery Act separately on the SEFA, and as separate rows under Item 9 of Part III on the SF-SAC by CFDA number, and inclusion of the prefix 'ARRA-' in identifying the name of the Federal program on the SEFA and as the first characters in Item 9d of Part III on the SF-SAC."

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

Kyle J. Haney
Auditor, Posey County
Coliseum Building
126 E. Third Street – Room 220
Mount Vernon, Indiana 47620
(812) 838 – 1300

Corrective Action Plan

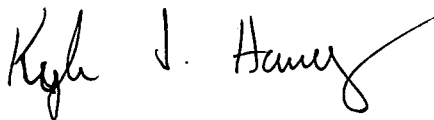
March, 17, 2014

Per the Schedule of Findings and Questioned Costs, it has been brought to our attention that Posey County's processes for the Schedule of Expenditures of Federal Awards is inadequate.

In order to become more accurate in this reporting, we plan to review our current processes and make changes in order to properly account for all Expenditures of Federal Awards.

From this we hope to get our processes up to standards in order to prevent any and all invalid transactions, inaccurate records and financial statements, and incorrect decision making.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kyle J. Haney', with a stylized flourish at the end.

Kyle J. Haney

Posey County Auditor

POSEY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on March 31, 2014, with Carl Schmitz, President of the Board of County Commissioners; Robert Gentil, President of the County Council; Kyle Haney, Auditor; and Nicholas Wildeman, former Auditor.