

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

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



FILED
10/30/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Sarah Bachman	01-01-11 to 12-31-14
Treasurer	Robert Woodward	01-01-13 to 12-31-16
Clerk	Shirley Batt	01-01-13 to 12-31-16
Sheriff	Claude C. Combs	01-01-11 to 12-31-14
Recorder	Kyra Stephenson	01-01-11 to 12-31-14
President of the Board of County Commissioners	John D. Fultz Phillip Marshall	01-01-13 to 12-31-13 01-01-14 to 12-31-14
President of the County Council	David Hoar	01-01-13 to 12-31-14



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF WASHINGTON COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of Washington 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 24, 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 24, 2014



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

TO: THE OFFICIALS OF WASHINGTON 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 Washington 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 24, 2014, wherein we noted the County followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2013-001 and 2013-002 to be material weaknesses.

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

Compliance and Other Matters

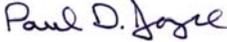
As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

Washington 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 24, 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.

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

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
After Settlement Collections	\$ 300,202	\$ 244,322	\$ 185,045	\$ 359,479
Sheriff's Inmate Trust	11,551	23,161	28,522	6,190
Jail Commissary	50,075	164,416	127,548	86,943
Clerk's Trust	851,618	3,542,452	3,297,642	1,096,428
General	611,995	4,850,197	5,196,710	265,482
Accident Report	2,569	2,518	868	4,219
CAGIT County Certified Shares	-	1,899,956	1,769,789	130,167
CEDIT County Share	305,957	689,618	653,118	342,457
City and Town Court Costs	1,083	6,123	6,322	884
Clerk's Records Perpetuation	39,712	8,990	959	47,743
Community Corrections	-	568,543	568,543	-
Community Transition Program	-	62,065	62,065	-
Cumulative Bridge	174,150	412,631	267,858	318,923
Cumulative Building Hospital	83,101	218,166	230,662	70,605
Cumulative Capital Development	98,411	183,459	136,083	145,787
Cumulative Jail	413,863	288,896	409,545	293,214
Drug Free Community	27,903	30,861	25,000	33,764
Emergency Planning/Right To Know	13,633	3,105	1,896	14,842
Emergency Telephone System	(36,761)	53,636	24,095	(7,220)
Firearms Training	55,550	28,860	6,992	77,418
Health	42,411	299,525	266,374	75,562
Identification Security Protection	38,126	2,306	500	39,932
Local Health Maintenance	52,324	33,139	37,498	47,965
Local Road and Street	160,936	271,970	396,738	36,168
Misdemeanant	64,379	68,150	65,724	66,805
Motor Vehicle Highway	372,527	2,234,555	2,104,257	502,825
Park Nonreverting Operating	(75,810)	253,993	223,500	(45,317)
Plat Book	1,360	5,700	1,796	5,264
Rainy Day	38,703	9,282	28,573	19,412
Reassessment - 2009	13,968	-	13,968	-
Reassessment - 2015	300,331	393,811	302,621	391,521
Recorder's Records Perpetuation	50,104	42,996	30,113	62,987
Riverboat	738,609	454,314	858,532	334,391
Supplemental Public Defender Services	43,178	18,964	17,152	44,990
Surplus Tax	40,052	38,461	53,424	25,089
Surveyor's Corner Perpetuation	15,584	5,520	120	20,984
Tax Sale Redemption	-	53,873	53,870	3
Tax Sale Surplus	361,344	340,696	224,407	477,633
Local Health Department Trust Account	20,297	9,533	22,225	7,605
Wireless Emergency Telephone System	12,406	-	12,406	-
GAL/CASA	25,475	-	-	25,475
County Elected Officials Training	-	1,323	-	1,323
Park And Recreation	(55,727)	-	-	(55,727)
County Offender Transportation Fund	163	250	-	413
Statewide 911	4,926	317,319	316,337	5,908
Adult Probation Administrative	25,937	23,686	-	49,623
Supplemental Adult Probation Services	163,594	219,108	65,262	317,440
Supplemental Juvenile Probation Services	11,414	5,314	3,037	13,691
Sheriff Sale Administration	14,898	23,375	14,500	23,773
Health Clinic	4,705	58,594	55,531	7,768
Self-Insurance	1,728	1,314,092	1,309,265	6,555
Payroll Clearing	1,574	2,174,117	2,171,340	4,351
Settlement	-	19,883,938	19,883,938	-
CVET Agency	-	119,606	119,606	-
Weed Lien Collections	-	2,391	2,391	-
Sewage Collections	-	2,879	2,879	-
Financial Institution Tax	-	85,529	85,529	-
CEDIT Homestead Credit	-	597,252	587,881	9,371
HEA 1001 State Homestead Credit	2,091	-	-	2,091
State Fines and Forfeitures	-	3,001	3,001	-
Infraction Judgements	1,396	15,703	16,369	730

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

WASHINGTON 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
Overweight Vehicle Fines	-	96	96	-
Special Death Benefit	-	2,700	2,700	-
Sales Disclosure - State Share	438	2,915	2,930	423
Coroners Training and Continuing Education	130	2,175	2,134	171
Interstate Compact - State Share	25	1,528	1,542	11
Mortgage Recording Fees - State Share	268	2,625	2,710	183
Child Restraint Violations Fines	-	400	400	-
Inheritance Tax	22,538	69,203	91,740	1
Sales Tax Collections	3,447	7,795	8,028	3,214
Education Plate Fees Agency	-	544	525	19
Riverboat Revenue Sharing	11,380	167,422	152,675	26,127
Innkeepers Tax Collections	2,780	8,468	11,234	14
CAGIT Distribution	51	3,948,624	3,948,624	51
CEDIT Distribution	24,364	992,297	991,469	25,192
93.563 Prosecutor PCA	3,654	1,417	1,712	3,359
93.563 ARRA Prosecutor IV-D Incentive	3,706	-	-	3,706
93.563 Title IV-D Incentive	78,933	9,252	5,200	82,985
93.563 Prosecutor IV-D Incentive-Post Oct '99	38,362	13,918	13,028	39,252
93.563 Clerk IV-D Incentive-Post Oct '99	65,108	9,252	9,579	64,781
Cumulative Park & Recreation	116,954	48,698	49,689	115,963
Washington County Prosecutor Investigation	7,537	-	-	7,537
Nancy J Morris Fund	8,956	-	-	8,956
Riley Trust Fund	31,975	-	-	31,975
County Law Enforcement Continuing Education	3,599	-	-	3,599
Build Washington County	4,133	-	-	4,133
Inventory Homestead Credit	178,452	661,531	839,983	-
Jury Pay Fund	16,525	1,866	-	18,391
HAVA Voting Machine	9,483	-	-	9,483
Sheriffs Repeater Tower Fund	47,735	11,146	23,283	35,598
Coroner Fund	6,117	3,650	750	9,017
Bioterrorism/Health Fund	22	-	-	22
Public Health Coordinator Grant	2,910	-	-	2,910
Community Service Restitution	32,559	21,029	15,984	37,604
Washington County Plan Commission	14,847	-	-	14,847
Urine Screen Test	30,868	8,532	5,165	34,235
Washington EDA	156,839	51,847	7,283	201,403
Airport/Speedway	2,874	5,431	750	7,555
Adult Protective Services	(12,613)	88,975	91,980	(15,618)
Home Detention	62,325	56,738	52,271	66,792
Law Enforcement Continuing Education	28,266	3,525	1,455	30,336
Alcohol & Drug	86,708	21,181	103,437	4,452
Marijuana	14,405	7,248	-	21,653
Pre Trial Prosecutor	4,271	23,010	22,246	5,035
Comm Emg Re Team Sub Grant	835	-	-	835
SHSP Grant	1,360	-	-	1,360
Housing Rehab Fund	-	65,422	65,422	-
Hebron Cemetery	1,772	-	-	1,772
R & F Motsinger Mahuron	1,103	-	-	1,103
Standish Cemetery	2,471	-	-	2,471
Blue River Fire District Grant	12,281	365,344	325,225	52,400
State Welfare Excise Allocation	-	734,721	734,721	-
States Share of Delinquent Tax	-	143	143	-
Hazard Mitigation Grant	-	44,888	44,887	1
Grant Retainage Fund	-	29,723	-	29,723
Sheriff Drug Investigation	92,509	586	55,964	37,131
Prosecutor Special Fees-Bad Check	5,074	4,030	9,104	-
Drug Free Community Grant	147	-	-	147
Totals	\$ 6,726,098	\$ 50,166,135	\$ 50,045,994	\$ 6,846,239

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

WASHINGTON 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.

WASHINGTON 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.

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

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

WASHINGTON COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

WASHINGTON 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

WASHINGTON 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 financial statements.

WASHINGTON 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 either department heads and officials approving disbursements in excess of available cash or grant funds being expended prior to being reimbursed.

Note 9. Holding Corporation

The County has entered into a capital lease with Washington 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 do not start until July 15, 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.

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

	After Settlement Collections	Sheriff's Inmate Trust	Jail Commissary	Clerk's Trust	General	Accident Report	CAGIT County Certified Shares
Cash and investments - beginning	\$ 300,202	\$ 11,551	\$ 50,075	\$ 851,618	\$ 611,995	\$ 2,569	\$ -
Receipts:							
Taxes	-	-	-	-	3,340,770	-	1,899,956
Licenses and permits	-	-	-	-	16,078	-	-
Intergovernmental	-	-	-	-	884,177	-	-
Charges for services	-	23,161	164,416	-	360,776	2,518	-
Fines and forfeits	-	-	-	3,542,452	86,125	-	-
Other receipts	244,322	-	-	-	162,271	-	-
Total receipts	<u>244,322</u>	<u>23,161</u>	<u>164,416</u>	<u>3,542,452</u>	<u>4,850,197</u>	<u>2,518</u>	<u>1,899,956</u>
Disbursements:							
Personal services	-	-	-	-	3,710,568	-	850,000
Supplies	-	-	-	-	299,965	-	43,623
Other services and charges	-	-	-	-	1,186,177	868	793,727
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	82,439
Other disbursements	185,045	28,522	127,548	3,297,642	-	-	-
Total disbursements	<u>185,045</u>	<u>28,522</u>	<u>127,548</u>	<u>3,297,642</u>	<u>5,196,710</u>	<u>868</u>	<u>1,769,789</u>
Excess (deficiency) of receipts over disbursements	<u>59,277</u>	<u>(5,361)</u>	<u>36,868</u>	<u>244,810</u>	<u>(346,513)</u>	<u>1,650</u>	<u>130,167</u>
Cash and investments - ending	<u>\$ 359,479</u>	<u>\$ 6,190</u>	<u>\$ 86,943</u>	<u>\$ 1,096,428</u>	<u>\$ 265,482</u>	<u>\$ 4,219</u>	<u>\$ 130,167</u>

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

	CEDIT County Share	City and Town Court Costs	Clerk's Records Perpetuation	Community Corrections	Community Transition Program	Cumulative Bridge	Cumulative Building Hospital
Cash and investments - beginning	\$ 305,957	\$ 1,083	\$ 39,712	\$ -	\$ -	\$ 174,150	\$ 83,101
Receipts:							
Taxes	689,618	-	-	-	-	308,380	197,363
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	568,543	62,065	32,505	20,803
Charges for services	-	-	-	-	-	71,746	-
Fines and forfeits	-	6,123	8,990	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>689,618</u>	<u>6,123</u>	<u>8,990</u>	<u>568,543</u>	<u>62,065</u>	<u>412,631</u>	<u>218,166</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	139,031	6,322	959	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	230,662
Capital outlay	514,087	-	-	-	-	267,858	-
Other disbursements	-	-	-	568,543	62,065	-	-
Total disbursements	<u>653,118</u>	<u>6,322</u>	<u>959</u>	<u>568,543</u>	<u>62,065</u>	<u>267,858</u>	<u>230,662</u>
Excess (deficiency) of receipts over disbursements	<u>36,500</u>	<u>(199)</u>	<u>8,031</u>	<u>-</u>	<u>-</u>	<u>144,773</u>	<u>(12,496)</u>
Cash and investments - ending	<u>\$ 342,457</u>	<u>\$ 884</u>	<u>\$ 47,743</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 318,923</u>	<u>\$ 70,605</u>

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

	Cumulative Capital Development	Cumulative Jail	Drug Free Community	Emergency Planning/Right To Know	Emergency Telephone System	Firearms Training	Health
Cash and investments - beginning	\$ 98,411	\$ 413,863	\$ 27,903	\$ 13,633	\$ (36,761)	\$ 55,550	\$ 42,411
Receipts:							
Taxes	140,093	88,109	-	-	-	-	248,466
Licenses and permits	-	-	-	-	-	28,860	24,806
Intergovernmental	14,767	9,287	-	3,105	-	-	26,190
Charges for services	28,000	-	-	-	53,636	-	-
Fines and forfeits	-	-	30,300	-	-	-	-
Other receipts	599	191,500	561	-	-	-	63
Total receipts	<u>183,459</u>	<u>288,896</u>	<u>30,861</u>	<u>3,105</u>	<u>53,636</u>	<u>28,860</u>	<u>299,525</u>
Disbursements:							
Personal services	-	-	-	-	-	-	248,142
Supplies	-	-	-	1,476	-	-	3,087
Other services and charges	57,715	-	25,000	420	-	6,992	15,145
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	78,368	409,545	-	-	-	-	-
Other disbursements	-	-	-	-	24,095	-	-
Total disbursements	<u>136,083</u>	<u>409,545</u>	<u>25,000</u>	<u>1,896</u>	<u>24,095</u>	<u>6,992</u>	<u>266,374</u>
Excess (deficiency) of receipts over disbursements	<u>47,376</u>	<u>(120,649)</u>	<u>5,861</u>	<u>1,209</u>	<u>29,541</u>	<u>21,868</u>	<u>33,151</u>
Cash and investments - ending	<u>\$ 145,787</u>	<u>\$ 293,214</u>	<u>\$ 33,764</u>	<u>\$ 14,842</u>	<u>\$ (7,220)</u>	<u>\$ 77,418</u>	<u>\$ 75,562</u>

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

	Identification Security Protection	Local Health Maintenance	Local Road and Street	Misdemeanant	Motor Vehicle Highway	Park Nonreverting Operating	Plat Book
Cash and investments - beginning	\$ 38,126	\$ 52,324	\$ 160,936	\$ 64,379	\$ 372,527	\$ (75,810)	\$ 1,360
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	33,139	271,970	31,550	2,200,461	-	-
Charges for services	2,306	-	-	8,600	15,389	253,993	5,700
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	28,000	18,705	-	-
Total receipts	<u>2,306</u>	<u>33,139</u>	<u>271,970</u>	<u>68,150</u>	<u>2,234,555</u>	<u>253,993</u>	<u>5,700</u>
Disbursements:							
Personal services	-	28,702	-	-	1,094,738	94,374	-
Supplies	-	6,828	-	-	429,178	55,488	-
Other services and charges	500	1,968	-	-	214,391	60,549	1,796
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	396,738	65,724	365,950	13,089	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>500</u>	<u>37,498</u>	<u>396,738</u>	<u>65,724</u>	<u>2,104,257</u>	<u>223,500</u>	<u>1,796</u>
Excess (deficiency) of receipts over disbursements	<u>1,806</u>	<u>(4,359)</u>	<u>(124,768)</u>	<u>2,426</u>	<u>130,298</u>	<u>30,493</u>	<u>3,904</u>
Cash and investments - ending	<u>\$ 39,932</u>	<u>\$ 47,965</u>	<u>\$ 36,168</u>	<u>\$ 66,805</u>	<u>\$ 502,825</u>	<u>\$ (45,317)</u>	<u>\$ 5,264</u>

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

	Rainy Day	Reassessment 2009	Reassessment 2015	Recorder's Records Perpetuation	Riverboat	Supplemental Public Defender Services	Surplus Tax
Cash and investments - beginning	\$ 38,703	\$ 13,968	\$ 300,331	\$ 50,104	\$ 738,609	\$ 43,178	\$ 40,052
Receipts:							
Taxes	179	-	343,624	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	36,219	-	-	-	-
Charges for services	-	-	-	42,996	-	-	-
Fines and forfeits	-	-	-	-	-	18,964	-
Other receipts	9,103	-	13,968	-	454,314	-	38,461
Total receipts	<u>9,282</u>	<u>-</u>	<u>393,811</u>	<u>42,996</u>	<u>454,314</u>	<u>18,964</u>	<u>38,461</u>
Disbursements:							
Personal services	-	-	141,537	-	-	-	-
Supplies	3,282	-	13,087	-	-	-	-
Other services and charges	25,291	-	147,997	30,113	398,928	17,152	53,424
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	459,604	-	-
Other disbursements	-	13,968	-	-	-	-	-
Total disbursements	<u>28,573</u>	<u>13,968</u>	<u>302,621</u>	<u>30,113</u>	<u>858,532</u>	<u>17,152</u>	<u>53,424</u>
Excess (deficiency) of receipts over disbursements	<u>(19,291)</u>	<u>(13,968)</u>	<u>91,190</u>	<u>12,883</u>	<u>(404,218)</u>	<u>1,812</u>	<u>(14,963)</u>
Cash and investments - ending	<u>\$ 19,412</u>	<u>\$ -</u>	<u>\$ 391,521</u>	<u>\$ 62,987</u>	<u>\$ 334,391</u>	<u>\$ 44,990</u>	<u>\$ 25,089</u>

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

	Surveyor's Corner Perpetuation	Tax Sale Redemption	Tax Sale Surplus	Local Health Department Trust Account	Wireless Emergency Telephone System	GAL/CASA	County Elected Officials Training
Cash and investments - beginning	\$ 15,584	\$ -	\$ 361,344	\$ 20,297	\$ 12,406	\$ 25,475	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	9,533	-	-	-
Charges for services	5,520	-	-	-	-	-	1,323
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	53,873	340,696	-	-	-	-
Total receipts	<u>5,520</u>	<u>53,873</u>	<u>340,696</u>	<u>9,533</u>	<u>-</u>	<u>-</u>	<u>1,323</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	120	53,870	224,407	21,344	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	881	12,406	-	-
Total disbursements	<u>120</u>	<u>53,870</u>	<u>224,407</u>	<u>22,225</u>	<u>12,406</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>5,400</u>	<u>3</u>	<u>116,289</u>	<u>(12,692)</u>	<u>(12,406)</u>	<u>-</u>	<u>1,323</u>
Cash and investments - ending	<u>\$ 20,984</u>	<u>\$ 3</u>	<u>\$ 477,633</u>	<u>\$ 7,605</u>	<u>\$ -</u>	<u>\$ 25,475</u>	<u>\$ 1,323</u>

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

	Park And Recreation	County Offender Transportation Fund	Statewide 911	Adult Probation Administrative	Supplemental Adult Probation Services	Supplemental Juvenile Probation Services	Sheriff Sale Administration
Cash and investments - beginning	\$ (55,727)	\$ 163	\$ 4,926	\$ 25,937	\$ 163,594	\$ 11,414	\$ 14,898
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	317,319	-	-	-	23,375
Fines and forfeits	-	250	-	23,686	219,108	5,314	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	250	317,319	23,686	219,108	5,314	23,375
Disbursements:							
Personal services	-	-	251,522	-	65,262	-	-
Supplies	-	-	150	-	-	759	-
Other services and charges	-	-	64,665	-	-	2,278	14,500
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	-	316,337	-	65,262	3,037	14,500
Excess (deficiency) of receipts over disbursements	-	250	982	23,686	153,846	2,277	8,875
Cash and investments - ending	<u>\$ (55,727)</u>	<u>\$ 413</u>	<u>\$ 5,908</u>	<u>\$ 49,623</u>	<u>\$ 317,440</u>	<u>\$ 13,691</u>	<u>\$ 23,773</u>

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

	Health Clinic	Self-Insurance	Payroll Clearing	Settlement	CVET Agency	Weed Lien Collections	Sewage Collections
Cash and investments - beginning	\$ 4,705	\$ 1,728	\$ 1,574	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	18,277,108	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	1,606,830	119,606	-	-
Charges for services	58,594	-	-	-	-	2,391	2,879
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	1,314,092	2,174,117	-	-	-	-
Total receipts	<u>58,594</u>	<u>1,314,092</u>	<u>2,174,117</u>	<u>19,883,938</u>	<u>119,606</u>	<u>2,391</u>	<u>2,879</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	55,531	1,309,265	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	2,171,340	19,883,938	119,606	2,391	2,879
Total disbursements	<u>55,531</u>	<u>1,309,265</u>	<u>2,171,340</u>	<u>19,883,938</u>	<u>119,606</u>	<u>2,391</u>	<u>2,879</u>
Excess (deficiency) of receipts over disbursements	<u>3,063</u>	<u>4,827</u>	<u>2,777</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 7,768</u>	<u>\$ 6,555</u>	<u>\$ 4,351</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Financial Institution Tax	CEDIT Homestead Credit	HEA 1001 State Homestead Credit	State Fines and Forfeitures	Infraction Judgements	Overweight Vehicle Fines	Special Death Benefit
Cash and investments - beginning	\$ -	\$ -	\$ 2,091	\$ -	\$ 1,396	\$ -	\$ -
Receipts:							
Taxes	-	597,252	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	85,529	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	2,700
Fines and forfeits	-	-	-	3,001	15,703	96	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>85,529</u>	<u>597,252</u>	<u>-</u>	<u>3,001</u>	<u>15,703</u>	<u>96</u>	<u>2,700</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	85,529	587,881	-	3,001	16,369	96	2,700
Total disbursements	<u>85,529</u>	<u>587,881</u>	<u>-</u>	<u>3,001</u>	<u>16,369</u>	<u>96</u>	<u>2,700</u>
Excess (deficiency) of receipts over disbursements	-	9,371	-	-	(666)	-	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ 9,371</u>	<u>\$ 2,091</u>	<u>\$ -</u>	<u>\$ 730</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Sales Disclosure State Share	Coroners Training and Continuing Education	Interstate Compact State Share	Mortgage Recording Fees State Share	Child Restraint Violations Fines	Inheritance Tax	Sales Tax Collections
Cash and investments - beginning	\$ 438	\$ 130	\$ 25	\$ 268	\$ -	\$ 22,538	\$ 3,447
Receipts:							
Taxes	-	-	-	-	-	-	7,795
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	69,203	-
Charges for services	2,915	2,175	-	2,625	-	-	-
Fines and forfeits	-	-	1,528	-	400	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>2,915</u>	<u>2,175</u>	<u>1,528</u>	<u>2,625</u>	<u>400</u>	<u>69,203</u>	<u>7,795</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	400	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	2,930	2,134	1,542	2,710	-	91,740	8,028
Total disbursements	<u>2,930</u>	<u>2,134</u>	<u>1,542</u>	<u>2,710</u>	<u>400</u>	<u>91,740</u>	<u>8,028</u>
Excess (deficiency) of receipts over disbursements	<u>(15)</u>	<u>41</u>	<u>(14)</u>	<u>(85)</u>	<u>-</u>	<u>(22,537)</u>	<u>(233)</u>
Cash and investments - ending	<u>\$ 423</u>	<u>\$ 171</u>	<u>\$ 11</u>	<u>\$ 183</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 3,214</u>

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

	Education Plate Fees Agency	Riverboat Revenue Sharing	Innkeepers Tax Collections	CAGIT Distribution	CEDIT Distribution	93.563 Prosecutor PCA	93.563 ARRA Prosecutor IV-D Incentive
Cash and investments - beginning	\$ -	\$ 11,380	\$ 2,780	\$ 51	\$ 24,364	\$ 3,654	\$ 3,706
Receipts:							
Taxes	544	-	8,468	2,961,468	992,297	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	167,422	-	987,156	-	1,417	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>544</u>	<u>167,422</u>	<u>8,468</u>	<u>3,948,624</u>	<u>992,297</u>	<u>1,417</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	9,413	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	<u>525</u>	<u>143,262</u>	<u>11,234</u>	<u>3,948,624</u>	<u>991,469</u>	<u>1,712</u>	<u>-</u>
Total disbursements	<u>525</u>	<u>152,675</u>	<u>11,234</u>	<u>3,948,624</u>	<u>991,469</u>	<u>1,712</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>19</u>	<u>14,747</u>	<u>(2,766)</u>	<u>-</u>	<u>828</u>	<u>(295)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 19</u>	<u>\$ 26,127</u>	<u>\$ 14</u>	<u>\$ 51</u>	<u>\$ 25,192</u>	<u>\$ 3,359</u>	<u>\$ 3,706</u>

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

	93.563 Title IV-D Incentive	93.563 Prosecutor IV-D Incentive-Post Oct '99	93.563 Clerk IV-D Incentive-Post Oct '99	Cumulative Park & Recreation	Washington County Prosecutor Investigation	Nancy J Morris Fund	Riley Trust Fund
Cash and investments - beginning	\$ 78,933	\$ 38,362	\$ 65,108	\$ 116,954	\$ 7,537	\$ 8,956	\$ 31,975
Receipts:							
Taxes	-	-	-	44,054	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	9,252	13,918	9,252	4,644	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>9,252</u>	<u>13,918</u>	<u>9,252</u>	<u>48,698</u>	-	-	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	49,689	-	-	-
Other disbursements	5,200	13,028	9,579	-	-	-	-
Total disbursements	<u>5,200</u>	<u>13,028</u>	<u>9,579</u>	<u>49,689</u>	-	-	-
Excess (deficiency) of receipts over disbursements	<u>4,052</u>	<u>890</u>	<u>(327)</u>	<u>(991)</u>	-	-	-
Cash and investments - ending	<u>\$ 82,985</u>	<u>\$ 39,252</u>	<u>\$ 64,781</u>	<u>\$ 115,963</u>	<u>\$ 7,537</u>	<u>\$ 8,956</u>	<u>\$ 31,975</u>

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

	County Law Enforcement Continuing Education	Build Washington County	Inventory Homestead Credit	Jury Pay Fund	HAVA Voting Machine	Sheriffs Repeater Tower Fund	Coroner Fund
Cash and investments - beginning	\$ 3,599	\$ 4,133	\$ 178,452	\$ 16,525	\$ 9,483	\$ 47,735	\$ 6,117
Receipts:							
Taxes	-	-	661,531	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	11,146	3,650
Fines and forfeits	-	-	-	1,866	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	661,531	1,866	-	11,146	3,650
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	23,283	750
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	839,983	-	-	-	-
Total disbursements	-	-	839,983	-	-	23,283	750
Excess (deficiency) of receipts over disbursements	-	-	(178,452)	1,866	-	(12,137)	2,900
Cash and investments - ending	<u>\$ 3,599</u>	<u>\$ 4,133</u>	<u>\$ -</u>	<u>\$ 18,391</u>	<u>\$ 9,483</u>	<u>\$ 35,598</u>	<u>\$ 9,017</u>

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

	Bioterrorism/Health Fund	Public Health Coordinator Grant	Community Service Restitution	Washington County Plan Commission	Urine Screen Test	Washington EDA	Airport/Speedway
Cash and investments - beginning	\$ 22	\$ 2,910	\$ 32,559	\$ 14,847	\$ 30,868	\$ 156,839	\$ 2,874
Receipts:							
Taxes	-	-	-	-	-	51,847	5,431
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	20,589	-	8,442	-	-
Other receipts	-	-	440	-	90	-	-
Total receipts	-	-	21,029	-	8,532	51,847	5,431
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	15,984	-	5,165	7,283	750
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	-	15,984	-	5,165	7,283	750
Excess (deficiency) of receipts over disbursements	-	-	5,045	-	3,367	44,564	4,681
Cash and investments - ending	\$ 22	\$ 2,910	\$ 37,604	\$ 14,847	\$ 34,235	\$ 201,403	\$ 7,555

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

	Adult Protective Services	Home Detention	Law Enforcement Continuing Education	Alcohol & Drug	Marijuana	Pre Trial Prosecutor	Comm Emg Re Team Sub Grant
Cash and investments - beginning	\$ (12,613)	\$ 62,325	\$ 28,266	\$ 86,708	\$ 14,405	\$ 4,271	\$ 835
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	88,975	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	56,738	3,525	21,046	7,248	22,852	-
Other receipts	-	-	-	135	-	158	-
Total receipts	<u>88,975</u>	<u>56,738</u>	<u>3,525</u>	<u>21,181</u>	<u>7,248</u>	<u>23,010</u>	<u>-</u>
Disbursements:							
Personal services	71,541	30,781	-	-	-	5,000	-
Supplies	1,911	-	-	-	-	4,595	-
Other services and charges	18,528	21,490	1,455	-	-	12,651	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	103,437	-	-	-
Total disbursements	<u>91,980</u>	<u>52,271</u>	<u>1,455</u>	<u>103,437</u>	<u>-</u>	<u>22,246</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(3,005)</u>	<u>4,467</u>	<u>2,070</u>	<u>(82,256)</u>	<u>7,248</u>	<u>764</u>	<u>-</u>
Cash and investments - ending	<u>\$ (15,618)</u>	<u>\$ 66,792</u>	<u>\$ 30,336</u>	<u>\$ 4,452</u>	<u>\$ 21,653</u>	<u>\$ 5,035</u>	<u>\$ 835</u>

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

	SHSP Grant	Housing Rehab Fund	Hebron Cemetery	R & F Motsinger Mahuron	Standish Cemetery	Blue River Fire District Grant	State Welfare Excise Allocation
Cash and investments - beginning	\$ 1,360	\$ -	\$ 1,772	\$ 1,103	\$ 2,471	\$ 12,281	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	734,721
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	65,422	-	-	-	365,344	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>65,422</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>365,344</u>	<u>734,721</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	325,225	-
Other disbursements	-	65,422	-	-	-	-	734,721
Total disbursements	<u>-</u>	<u>65,422</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>325,225</u>	<u>734,721</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,119</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,360</u>	<u>\$ -</u>	<u>\$ 1,772</u>	<u>\$ 1,103</u>	<u>\$ 2,471</u>	<u>\$ 52,400</u>	<u>\$ -</u>

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

	States Share of Delinquent Tax	Hazard Mitigation Grant	Grant Retainage Fund	Sheriff Drug Investigation	Prosecutor Special Fees-Bad Check	Drug Free Community Grant	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 92,509	\$ 5,074	\$ 147	\$ 6,726,098
Receipts:							
Taxes	143	-	-	-	-	-	31,599,217
Licenses and permits	-	-	-	-	-	-	69,744
Intergovernmental	-	44,888	29,723	-	-	-	7,872,895
Charges for services	-	-	-	-	4,030	-	1,473,879
Fines and forfeits	-	-	-	-	-	-	4,104,346
Other receipts	-	-	-	586	-	-	5,046,054
Total receipts	143	44,888	29,723	586	4,030	-	50,166,135
Disbursements:							
Personal services	-	-	-	-	-	-	6,592,167
Supplies	-	-	-	-	-	-	863,429
Other services and charges	-	-	-	55,964	9,104	-	5,112,665
Debt service - principal and interest	-	-	-	-	-	-	230,662
Capital outlay	-	-	-	-	-	-	3,028,316
Other disbursements	143	44,887	-	-	-	-	34,218,755
Total disbursements	143	44,887	-	55,964	9,104	-	50,045,994
Excess (deficiency) of receipts over disbursements	-	1	29,723	(55,378)	(5,074)	-	120,141
Cash and investments - ending	\$ -	\$ 1	\$ 29,723	\$ 37,131	\$ -	\$ 147	\$ 6,846,239

WASHINGTON COUNTY
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2013

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 424,275</u>	<u>\$ -</u>

WASHINGTON COUNTY
SCHEDULE OF LEASES AND DEBT
December 31, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Critical Care Access/WCMH	Modernization of County Hospital	\$ 207,000	07-25-96	07-25-16
Washington County Building Corporation	Detention Center Expansion and Improvements	<u>665,000</u>	07-15-14	01-15-33
Total of annual lease payments		<u>\$ 872,000</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
Notes and loans payable	County Phone System	\$ 86,621	\$ 40,000
Notes and loans payable	Road Grader	6,893	7,071
Notes and loans payable	Williams Building	35,700	36,825
Notes and loans payable	Golf Carts	3,186	3,450
Notes and loans payable	Highway Equipment	59,531	60,606
Notes and loans payable	Highway Equipment	27,567	28,464
Notes and loans payable	2012 Chevy Silverado	7,528	7,760
Notes and loans payable	Case Tractors (3)	<u>78,856</u>	<u>24,721</u>
Total governmental activities		<u>305,882</u>	<u>208,897</u>
Totals		<u>\$ 305,882</u>	<u>\$ 208,897</u>

WASHINGTON COUNTY
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2013

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

	Ending Balance
Governmental activities:	
Land	\$ 944,994
Infrastructure	22,722,004
Buildings	16,376,939
Improvements other than buildings	3,440,208
Machinery, equipment, and vehicles	5,668,380
Total governmental activities	49,152,525
Total capital assets	\$ 49,152,525

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF WASHINGTON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited Washington 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.

Basis for Qualified Opinion on the CDBG - State-Administered CDBG Cluster

As described in item 2013-003 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding Subrecipient Monitoring that are applicable to its CDBG - State-Administered CDBG Cluster. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program.

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

Basis for Qualified Opinion on Child Support Enforcement

As described in item 2013-005 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding Reporting that are applicable to its Child Support Enforcement. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program.

Qualified Opinion on the CDBG - State-Administered CDBG Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion - State-Administered CDBG Cluster* paragraph, 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 the CDBG - State-Administered CDBG Cluster for the year ended December 31, 2013.

Qualified Opinion on Child Support Enforcement

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Child Support Enforcement* paragraph, 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 Child Support Enforcement for the year ended December 31, 2013.

Other Matters

The County's response to the noncompliance 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.

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 certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2013-003, 2013-004, 2013-005, and 2013-006 to be material weaknesses.

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

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 24, 2014

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

WASHINGTON 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 Commerce</u>				
ARRA - State Broadband Data and Development Grant Program GIS	Indiana Office of Technology	11.558	067BROADBAND000	\$ 4,000
<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 Blue River Fire District	Indiana Office of Community & Rural Affairs	14.228	CF-12-121	170,541
Homeowner Repair and Improvement	Indiana Housing and Community Development Authority	14.228	HD-011-013	<u>65,422</u>
Total - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii				<u>235,963</u>
Total - Department of Housing and Urban Development				<u>235,963</u>
<u>Department of Justice</u>				
Equitable Sharing Program Equitable Sharing Program	Direct grant	16.922	2013	<u>59,941</u>
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster Highway Planning and Construction Bridge Inspection Becks Mill	Indiana Department of Transportation	20.205	DES#1173265 DES#1005432	15,758 <u>44,290</u>
Total - Highway Planning and Construction Cluster				<u>60,048</u>
Total - Department of Transportation				<u>60,048</u>
<u>Department of Health and Human Services</u>				
Child Support Enforcement Child Support Enforcement	Indiana Department of Child Services	93.563	2013	<u>199,974</u>
Total - Department of Health and Human Services				<u>199,974</u>
<u>Department of Homeland Security</u>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Indiana Department of Homeland Security	97.036	DR - 4058	<u>15,389</u>
Hazard Mitigation Grant	Indiana Department of Homeland Security	97.039	C44P-0-123A	<u>44,888</u>
Emergency Management Performance Grants Competitive Salary	Indiana Department of Homeland Security	97.042	C44P-3-159B C44P-3-316B	4,054 <u>18,250</u>
Total - Emergency Management Performance Grants				<u>22,304</u>
Total - Department of Homeland Security				<u>82,581</u>
Total federal awards expended				<u>\$ 642,507</u>

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

WASHINGTON COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the County and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Note 2. Subrecipients

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

Program Title	Federal CFDA Number	2013
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	<u>\$ 65,422</u>

WASHINGTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	
CDBG - State-Administered CDBG Cluster	Qualified
Child Support Enforcement	Qualified
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 CONTROLS OVER 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.

WASHINGTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

During the audit of the SEFA, we noted the following errors: reporting errors occurred for all federal programs; the SEFA did not include three federal programs; and total federal expenditures were overstated in the amount of \$54,107.

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.

WASHINGTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

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

We noted several deficiencies in the internal control system of the County related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses:

The financial information inputted into the County's Annual Report was not properly reviewed and verified to the County's financial records and the records of the County's outside offices to determine that no material errors occurred. Receipts, disbursements, and cash and investment balances in the amounts of \$1,738,513, \$1,820,180, and \$81,667, respectively, were improperly reported in the Annual Report for the following outside offices: Treasurer's After Settlement Collections, County Sheriff, and Sheriff Drug Investigation. Financial information from the County's Annual Report is used to compile the County's financial statement. As a result, the beginning balances and receipt and disbursement transactions reported on the County's financial statement were overstated. Audit adjustments were proposed, approved by the County, and made to the County's financial statement.

The Payroll Clerk in the County Auditor's Office processes the County's payroll. This employee is also responsible for calculating and making all employee and employer benefit payments. Supporting documentation for these payments was retained in the payroll files; however, no review of the documentation was completed by another employee, nor were the checks and/or electronic payments compared to the supporting documentation by another County employee. The County Auditor did not properly certify these disbursements, nor did the Board of County Commissioners properly authorize the disbursements for payroll.

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)

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

WASHINGTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

Section III - Federal Award Findings and Questioned Costs

FINDING 2013-003 - SUBRECIPIENT MONITORING

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 (or Other Identifying Number): HD-011-013

Pass-Through Entity: Indiana Housing and Community Development Authority

Management of the County has not established an effective internal control system related to Subrecipient Monitoring. The failure to establish an effective internal control system places the County at risk of noncompliance with the grant agreement, subrecipient agreement, and the compliance requirements.

The grant was awarded to the subrecipient, Hoosier Uplands, and the grant funds passed through the County, but the County did not have any control in place for subrecipient monitoring. Hoosier Uplands would notify the County by phone to inform them that they should have received funds from the state pass-through agency, Indiana Housing and Community Development Authority. County officials would verify the deposit of these funds. The amount deposited was disbursed to Hoosier Uplands without any supporting documentation provided to indicate the funds had actually been earned. The County did not determine if Hoosier Uplands used the federal funds for authorized purposes, complied with laws, regulations, and the provisions of contracts and grant agreements, and achieved performance goals.

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."

WASHINGTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

OMB Circular A-133, Subpart D, section .400(d) states in part:

"Pass-through entity responsibilities. A pass-through entity shall perform the following for the federal awards it makes: . . .

- (3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with law, regulations, and provisions of contracts or grant agreements and that performance goals are achieved."

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

We recommended that the County's management establish and implement controls over Subrecipient Monitoring to ensure compliance with requirements that have a direct and material effect to the program.

FINDING 2013-004 - DAVIS-BACON ACT

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 (or Other Identifying Number): CF-12-121

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

Management of the County has not established an effective internal control system related to Davis-Bacon Act requirements. The failure to establish an effective internal control system places the County at risk of noncompliance with the grant agreement, subrecipient agreement, and the compliance requirements.

The County hired a Grant Administrator to handle the requirements for Davis-Bacon Act, but there was no documentation that the County provided any oversight, review, or approval of any of the work performed by the Grant Administrator. The lack of oversight by the County could result in noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds.

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. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the County.

We recommended that the County's management establish and implement controls related to Davis-Bacon Act to ensure compliance with requirements that have a direct and material effect to the program.

WASHINGTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2013-005 - REPORTING

Federal Agency: Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 93.563
Federal Award Number and Year (or other Identifying Number): 2013
Pass-Through Agency: Indiana Department of Child Services

Management of the County has not established an effective internal control system related to Reporting. The failure to establish an effective internal control system places the County at risk of noncompliance with the grant agreement and the compliance requirements.

The County was required to submit a reimbursement request each month using a Monthly Expense Claim For Title IV-D, State Form 54529. The County was also required to submit quarterly expenditure reports for incentive funds using the Quarterly Incentive Expenditure Report For Title IV-D, State Form 54528. The amounts reported on these forms did not agree with the amounts posted to the ledger.

In January 2013, the County disbursed \$40,000 from the Prosecutor's IV-D budget to cover the County's share of medical insurance costs, but this disbursement was not included in the Prosecutor's IV-D monthly report for January. The personal service expenses reported for January through June did not agree with the amounts posted to the ledger. In addition, there were three other errors found in the reports. As a result, the Prosecutor's IV-D reimbursement requests were underreported by \$32,396.99 for the audit period.

Two of the Quarterly Incentive Reports submitted by the Circuit Court did not agree with the amounts posted to the ledger. The ledger had expenditure postings of \$5,200, but only \$1,950 was reported on the Quarterly Reports.

The Prosecutor PCA fund had expenditure postings of \$1,621.21 to the ledger that were not reported on any Monthly Expense Report.

Management's failure to establish and implement controls requiring someone other than the individual preparing the reports to review and verify amounts reported allowed errors to go undetected.

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."

45 CFR 92.20, Standards for financial management systems states in part:

"(b) The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.

WASHINGTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income."

Noncompliance with the grant agreement or the reporting requirements that have a direct and material effect to the program could result in the loss of federal funds to the County.

We recommended that the County's management establish and implement controls over Reporting to ensure compliance with requirements that have a direct and material effect to the program.

FINDING 2013-006 - INTERNAL CONTROLS OVER ACTIVITIES ALLOWED OR UNALLOWED AND ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: Department of Health and Human Services

Federal Program: Child Support Enforcement

CFDA Number: 93.563

Federal Award Number and Year (or other Identifying Number): 2013

Pass-Through Agency: Indiana Department of Child Services

Management of the County has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and some of the compliance requirements that have a direct and material effect to the program. This includes the following compliance requirements: Activities Allowed or Unallowed and Allowable Costs/Cost Principles.

The Payroll Clerk in the County Auditor's Office processes the County's payroll. This employee is also responsible for calculating and making all employee and employer benefit payments. Supporting documentation for these payments was retained in the payroll files; however, no review of the documentation was completed by another employee, nor were the checks and/or electronic payments compared to the supporting documentation by another County employee. The County Auditor did not properly certify these disbursements, nor did the Board of County Commissioners properly authorize the disbursements for payroll.

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."

WASHINGTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to 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 all compliance requirements that have a direct and material effect to the program.

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AUDITEE PREPARED DOCUMENT

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

CORRECTIVE ACTION PLAN

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

(Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Sarah Bachman
Contact Phone Number: 812 883-4805

Description of Corrective Action Plan:

We have a better understanding on the Federal grants and the Auditor's Office is working diligently to correct the errors on the SEFA and to put in the proper controls.

Anticipated Completion Date: It will corrected for next year

Sarah Bachman
(Signature)

Co. Auditor
(Title)

7/16/14
(Date)

WASHINGTON COUNTY COMMISSIONERS

99 Public Square
Suite 103
Salem, Indiana 47167

Phone: 812-883-4805
Fax: 812-883-7320

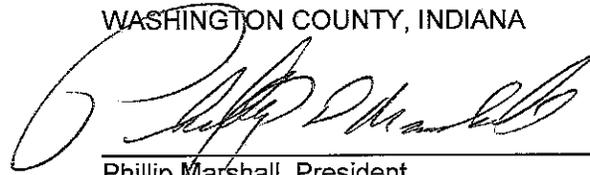
September 25, 2014

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

In future periods, the Washington County Auditor's Office will supplement its current payroll claims approval request with an itemization of all withholdings to every entity to which such withholdings are paid for each pay period being approved. The County Commissioners will review not only the gross payroll, but all reductions for each withholding entity in the aggregate, and the net payroll amount.

Washington County expects to have this implemented no later than January 2015. The contact person for Washington County, Indiana is Sarah Bachman, Auditor, (812)883-4805.

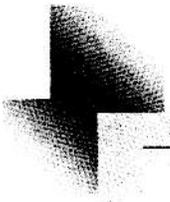
WASHINGTON COUNTY, INDIANA



Phillip Marshall, President
Washington County Commissioners



Sarah Bachman, Auditor
Washington County, Indiana



WASHINGTON COUNTY AUDITORS OFFICE

CORRECTIVE ACTION PLAN

FINDING 2013-003 – SUBRECIPIENT MONITORING

Contact Person Responsible for Corrective Action: Sarah Bachman
Contact Phone Number: 812 883-4805

Description of Corrective Action Plan: Hoosier Uplands will start submitting the proper paperwork before the Auditor's Office will release any money to them.

Anticipated Completion Date: Will start now and will be completed when grant is completed.

Sarah Bachman
(Signature)

Auditor
(Title)

7/16/14
(Date)

CORRECTIVE ACTION PLAN

FINDING 2013-004 – DAVIS BACON

Contact Person Responsible for Corrective Action: Sarah Bachman
Contact Phone Number: 812 883-4805

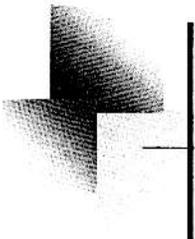
Description of Corrective Action Plan: The County will review any work by the grant administrator related to Davis Bacon.

Anticipated Completion Date: As soon as possible

Sarah Bachman
(Signature)

Auditor
(Title)

7/16/14
(Date)



WASHINGTON COUNTY AUDITORS OFFICE

CORRECTIVE ACTION PLAN

FINDING 2013-005 – REPORTING

Contact Person Responsible for Corrective Action: Sarah Bachman
Contact Phone Number: 812 883-4805

Description of Corrective Action Plan: The Auditor's Office and individual departments are meeting and cooperating to ensure more accurate costs are estimated for monthly budget projections for each departments as well as each department cooperating with the Auditor's Office to ensure monthly expenditures are reported accurately for monthly reimbursement reports.

Anticipated Completion Date: This being done now

Sarah Bachman
(Signature)

Auditor
(Title)

7/16/14
(Date)

Shirley Batt

Clerk, Circuit / Superior Court

99 Public Square, Suite 102 • Salem, Indiana 47167

Phone 812-883-5748 • Fax 812-883-8108

clerk@washingtoncounty.in.gov



CORRECTIVE ACTION PLAN

FINDIND 2013-005 – REPORTING

Federal Agency: U.S. Department of Health and Human Services

Federal Program: Child Support Enforcement

CFDA Number 93.563

Federal Award Number and Year (or other identifying Number): 2013

Pass-Through Agency: Indiana Department of Child Services

Contact Person Responsible for Corrective Action: Shirley Batt, Clerk Washington Circuit Court

Contact Phone Number: 812-883-5748 ext. 1120

Description of Corrective Action Plan:

As being a part of the Title IV-D program along with the Prosecutor and Circuit Court, the Clerk's Office will continue to strive to complete the required program tasks.

- We will continue to meet regularly with our child support field consultant to discuss or update any issues before us.
- We will continue to attend regional child support meetings offered by the Indiana Department of Child Services.
- Complete all documentation submitted for reimbursement.
- Continue relationship with vendor to submit correct Monthly and Quarterly Claims.
- Continue tracking of invoices, claims, reimbursements, etc. for auditing purposes.

Anticipated Completion Date: December 31, 2014

Shirley Batt
Signature

Clerk, Washington Circuit Court
Title

July 23, 2014
Date

Washington Circuit Court
Hon. Larry W. Medlock
#99 Public Square, Suite 200
Salem, Indiana 47167
Phone: 812-883-5302 * Facsimile: 812-883-1933

CORRECTIVE ACTION PLAN

FINDING 2013-005-REPORTING

Federal Agency: U.S. Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 93.563
Federal Award Number and Year (or other Identifying Number): 2013
Pass-Through Agency: Indiana Department of Child Services

Contact Person Responsible for Corrective Action: Hon. Larry W. Medlock
Contact Phone Number: 812-883-5302

Description of Corrective Action Plan:

The circumstance occurred when the County Auditor failed to get the amount posted on time and it was posted on the next quarter. To correct this problem from happening again in the future the Court will try to submit claims in a timely manner in hopes that the County Auditor will be able to post the claims and the incentives in the correct quarter.

Dated: July 23, 2014



LARRY W. MEDLOCK, JUDGE
WASHINGTON CIRCUIT COURT

OFFICE OF THE PROSECUTING ATTORNEY

DUSTIN L. HOUCHIN
Prosecuting Attorney

BLAINE S. GOODE
Chief Deputy Prosecuting Attorney

MELISSA CAMPBELL
Deputy Prosecuting Attorney



42nd JUDICIAL CIRCUIT
WASHINGTON COUNTY, INDIANA
812-883-6560
FAX: 812-883-4333

Mailing Address:

806 Martinsburg Rd., Suite 202
Salem, Indiana 47167

July 21, 2014

FINDIND 2013-005 – REPORTING

Federal Agency: U. S. Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 93.563
Federal Award Number and Year (or other Identifying Number): 2013
Pass-Through Agency: Indiana Department of Child Services

CORRECTIVE ACTION PLAN

Washington County Prosecuting Attorney Office – IV-D
Dustin Houchin, Prosecuting Attorney
Janet Moore, IV-D Administrator
812-883-6569

On June 25, 2014; the IV-D Administrator met with Sara Bachman, County Auditor and Staff to complete a communication plan to ensure all information is reported correctly. First communication by e-mailing monthly expense reports from Auditor to IV-D Administrator each month and second by telephone communications to ensure all information is understood.

Washington County did provide health coverage for the employees in calendar year 2013 but was considered a self funded plan therefore each department's budgeted expenses were transferred into the County Self Insurance Fund in January, 2013 as well as the cost for each employee's life insurance policy also covered by the County Self Insurance Fund. Therefore causing the IV-D Administrator's failure to report monthly reimbursement expenses.

2014 the County does not provide health coverage but continues to provide life insurance policies and a health care clinic for all employees. Department insurance expense budget funds were again transferred from the department budgets to the County Self Insurance Fund in January to ensure these expenses are paid. Again the IV-D Administrator failed to report monthly reimbursement expenses for these benefits.

During the June 25, 2014 meeting the Auditor and IV-D Administrator completed a report to reflect estimated employee cost and estimated monthly cost specifically for the IV-D Office for the life insurance policies and health care clinic cost. Also, during this meeting it was determined the majority of the other errors or discrepancies were found to be clerical errors.

A meeting was conducted between the IV-D Administrator and the Regional Field Consultant on July 18, 2014 to address the reporting of the PCA fund expenses.

DESCRIPTION OF CORRECTIVE ACTION PLAN

The IV-D Administrator has submitted prior period adjustments in May, 2014 to include a correction for health expenses, life insurance expenses for January 2013 through May 2014 as well as made adjustments to correct the clerical errors in previous reports.

The IV-D Administrator will submit the monthly estimated cost for the life insurance policies and health care clinic costs each month according to the documents from June 25, 2014 meeting. Also, meetings will be conducted with Auditor and IV-D Staff to ensure any changes in these figures are reported.

The IV-D Administrator will review the procedures in reporting PCA funds to ensure these are included on future reports and adjustment for previous period is anticipated to be reported on the July, 2014 report that is due by August 10, 2014.

The IV-D Administrator will more thoroughly review all amounts for submission of the reports.

ANTICIPATED COMPLETION DATE

Washington County anticipates this corrective action plan to be completed by the reporting of August, 2014 reports however the reimbursement reports are submitted monthly therefore the reporting of all expenses and the corrective action plan will continue to be ongoing.

REVIEWED BY:



Dustin Houchin, Prosecutor
Washington County
DATED: 7-24-14

WASHINGTON COUNTY COMMISSIONERS

99 Public Square
Suite 103
Salem, Indiana 47167

Phone: 812-883-4805
Fax: 812-883-7320

September 25, 2014

FINDING 2013-006-INTERNAL CONTROLS OVER ACTIVITIES ALLOWED OR UNALLOWED AND ALLOWABLE COST PRINCIPLES

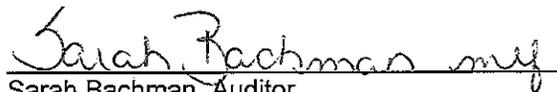
In future periods, the Washington County Auditor's Office will supplement its current payroll claims approval request with an itemization of all withholdings to every entity to which such withholdings are paid for each pay period being approved. The County Commissioners will review not only the gross payroll, but all reductions for each withholding entity in the aggregate, and the net payroll amount.

Washington County expects to have this implemented no later than January 2015. The contact person for Washington County, Indiana is Sarah Bachman, Auditor, (812)883-4805.

WASHINGTON COUNTY, INDIANA



Phillip Marshall, President
Washington County Commissioners



Sarah Bachman, Auditor
Washington County, Indiana

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/>.