

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

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



**FILED**  
02/06/2015



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Donna Atchison	01-01-13 to 12-31-16
Treasurer	Sandy Hill	01-01-13 to 12-31-16
Clerk	Beth Jones	01-01-13 to 12-31-16
Sheriff	Richard W. Dixon	01-01-11 to 12-31-14
Recorder	Terry Nicholson	01-01-13 to 12-31-16
President of the Board of County Commissioners	Don Brewer	01-01-13 to 12-31-14
President of the County Council	Marshall Noble James McDonald	01-01-13 to 12-31-13 01-01-14 to 12-31-14



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF ORANGE COUNTY, INDIANA

***Report on the Financial Statement***

We have audited the accompanying financial statement of Orange 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 December 8, 2014, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

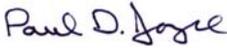
***Accompanying Information***

*Supplementary Information*

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

  
Paul D. Joyce, CPA  
State Examiner

December 8, 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 ORANGE 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 Orange 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 December 8, 2014, wherein we noted the County followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

***Internal Control Over Financial Reporting***

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

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***

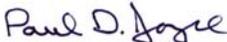
As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 item 2013-001.

***Orange 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

December 8, 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.

ORANGE 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
GENERAL	\$ 566,386	\$ 2,659,341	\$ 3,011,684	\$ 214,043
ACCIDENT REPORT	4,133	1,796	4,058	1,871
CAGIT County Certified Shares	-	988,860	775,347	213,513
CREDIT COUNTY SHARE	44,702	458,866	433,866	69,702
CITY & TOWN COURT COSTS	68,840	5,785	-	74,625
CLERKS RECORDS PERPETUATION	8,601	4,535	2,435	10,701
STATE SALES DISCLOSURE FEE	10,152	2,615	7,115	5,652
CUMULATIVE BRIDGE	888,083	506,731	404,498	990,316
CUMULATIVE CAPITAL DEVELOPMENT	118,040	163,444	115,008	166,476
Cummulative Courthouse	5,523	-	-	5,523
DRUG FREE COMMUNITY	1,515	14,966	15,169	1,312
EMER PLANNING/RIGHT TO KNOW	16,807	-	1,671	15,136
FIREARMS TRAINING	17,756	17,071	8,346	26,481
HEALTH	32,136	91,197	125,938	(2,605)
IDENTIFICATION SECURITY PROTEC	36,839	1,802	8,307	30,334
CO EXCESS LEVY	29,240	-	29,240	-
LOCAL HEALTH MAINTENANCE	38,975	38,303	46,210	31,068
LOCAL ROAD AND STREET	51,918	169,173	180,734	40,357
MISDEMEANANT	25,951	13,387	18,710	20,628
MOTOR VEHICLE HIGHWAY	792,066	1,779,750	1,773,225	798,591
PARK & RECREATION	10,785	12,289	7,215	15,859
PLAT BOOK	17,793	9,640	18,845	8,588
RAINY DAY	16,366	-	14,814	1,552
PROPERTY REASSESSMENT - 2009	89,171	-	89,171	-
REASSESSMENT - 2015	609,746	359,798	186,590	782,954
RECORDER'S RECORD PERPETUATION	55,814	14,968	15,298	55,484
CO FL Casino Wagering & Admissions	1,369,845	1,375,419	1,596,899	1,148,365
CO SEX & VIOLENT OFFENDER FUND	1,725	1,485	450	2,760
INDIANA SHERIFF'S 457(B) PLAN	-	2,700	2,700	-
SUPP PUBLIC DEFENDER SERVICES	9,025	967	-	9,992
SURPLUS TAX	38,249	15,628	40,613	13,264
SURVEYORS CORNER PERPETUATION	29,859	6,210	4,950	31,119
TAX SALE REDEMPTION	3,811	27,744	31,555	-
TAX SALE SURPLUS	178,569	212,697	229,371	161,895
LOCAL HEALTH DEPT TRUST ACCOUN	16,365	8,182	16,471	8,076
VEHICLE INSPECTION	413	225	465	173
VICTIM IMPACT PROGRAM	2	-	-	2
CO ELECTED OFFICIALS TRAINING	2,728	1,819	1,074	3,473
STATEWIDE 911	127,845	360,319	299,821	188,343
ADULT PROBATION ADMINISTRATIVE	168,255	136,333	153,377	151,211
JUVENILE PROBATION ADMINISTRAT	6,203	7,555	5,257	8,501
ALTERNATIVE DISPUTE RESOLUTION	16,125	2,040	500	17,665
USER-COUNTY DRUG FUND-PROBATION	25,917	1,665	2,266	25,316
Convention Center Operating	-	20,550	19,475	1,075
Health Insurance	14,867	688,757	688,019	15,605
PRE-PAID LEGAL INC	-	2,789	2,789	-
AUL Retirement	-	23,600	23,600	-
PAYROLL WITHHOLDING - FEDERAL	-	293,847	293,847	-
WITHHOLDING-SOCIAL SECURITY TA	10	515,783	515,571	222
WITHHOLDING-PERF	-	365,681	365,681	-
WITHHOLDING-STATE TAX	-	155,199	155,199	-
GARNISHMENT	138	12,891	13,029	-
SHERIFFS PENSION	2,604	23,390	22,756	3,238
STATE SETTLEMENT	-	12,977,430	12,977,430	-
CVET AGENCY	-	234,253	234,253	-
SEWAGE COLLECTIONS	2,112	3,235	3,406	1,941
FINANCIAL INSTITUTION TAX	-	91,169	91,169	-
HEA 1001 STATE HOMESTEAD CREDI	572	-	5	567
FINES & FORFEITURES	300	8,278	8,321	257
SPECIAL DEATH BENEFIT	-	1,175	1,060	115
SALES DISCLOSURE - STATE SHARE	185	2,615	2,595	205

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

ORANGE 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
CORONERS CONTINUING EDUCATION	96	2,046	2,013	129
INTERSTATE COMPACT FEE	-	1,796	1,721	75
STATE MORTGAGE FEE	180	1,821	1,881	120
SEX & VIOLENT OFFNDR - ST SHAR	-	165	155	10
INHERITANCE TAX	58,715	239,401	298,116	-
EDUCATION PLATE	-	431	375	56
INNKEEPERS TAX COLLECTIONS	557,195	892,741	957,480	492,456
CAGIT DISTRIBUTION	-	2,597,326	2,597,326	-
CAGIT-EDIT	-	650,264	650,264	-
ARRA IV-D INCENTIVE (CLERK)	4,071	-	891	3,180
95.563 PROS IV-D INCTV POST 99	8,978	27,303	20,652	15,629
95.563 CLERK IVD INCTV POST 99	11,553	9,516	8,269	12,800
American Family Insurance	710	8,284	8,327	667
Conseco Insurance	268	9,611	9,879	-
Pekin Life Insurance	229	14,295	14,414	110
Boston Mutual Life Ins.	-	5,779	5,812	(33)
Broker Dental/Vison	102	18,156	16,818	1,440
Air Evac	-	2,455	2,455	-
Liberty National Ins.	-	7,405	7,405	-
Colonial Life Ins.	-	301	301	-
Deferred Comp	-	2,795	2,795	-
Riverboat Wagering Tax Fund	265,082	1,433,990	1,533,179	165,893
Riverboat Admissions Tax Fund	-	832,402	832,402	-
97.042 Empgcompema	-	3,841	3,697	144
Orange County Clerk	548,824	68,239	433,284	183,779
ISETS	5,777	451,341	452,731	4,387
Commissary Fund	48,259	89,086	91,555	45,790
Inmate Trust Fund	3,632	84,278	82,382	5,528
After Settlement Collections	350,302	383,815	350,302	383,815
Odyssey	-	1,885,689	1,464,755	420,934
User-Law Enforcement Education	39,063	2,652	422	41,293
User-Jury Duty	834	1,909	1,269	1,474
User-Pros Drug Investigation	2,370	1,226	3,298	298
User-Drug Treatment Program	67,900	66,959	66,721	68,138
User-Pretrial Diversion	15,730	59,896	31,859	43,767
ORANGE CO LAW ENFORCEMENT CONT	9	294	-	303
INDIANA REGION 15 PLANNING	4,052	5,867	8,928	991
WOLFE CEMETERY FUND	10,000	70	70	10,000
SHERIFF DONATIONS	2,091	-	191	1,900
TRUCK HAULING PERMITS	2,753	150	-	2,903
HIGHWAY EQUIPMENT BOND FUND	487,804	-	487,660	144
SHERIFF WALMART GRANT	188	-	-	188
2019 COURTHOUSE BOND REDEMP TIN	789,520	55,514	-	845,034
RULE 5 FUND	-	9,180	3,873	5,307
SALARY SUPPLEMENT FUND	-	71,731	68,502	3,229
UNEMPLOYMENT	-	6,475	6,475	-
PAYMENT IN LEU OF TAXES	-	42,305	42,305	-
HD.011.010 IN HOUSING AUTHORIT	-	85,447	85,447	-
FRENCH LICK AIRPORT ROAD 300 S	25,871	431,406	247,335	209,942
OPERATION PULL OVER	1,392	347	347	1,392
SECTION 5311 TRANSPORTATION	-	252,679	252,679	-
DR2-09-215 WATERWAY DEBRIS REM	-	12,753	12,753	-
DES# 0710160 FED RD SIGN GRANT	13,010	131,230	144,464	(224)
TITLE IV-D INCENTIVE	29,272	9,516	3,150	35,638
OC PUBLIC SAFTY NARROW BANDING	44,557	24,810	46,587	22,780
ADAPT-SUBSTANCE ABUSE PROGRAM	3,346	-	-	3,346
DRUG TESTING FUND-PROBATION	549	-	-	549
<b>Totals</b>	<b>\$ 8,977,346</b>	<b>\$ 35,892,935</b>	<b>\$ 36,463,439</b>	<b>\$ 8,406,842</b>

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

ORANGE COUNTY  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

The County was established under the laws of the State of Indiana. The County operates under a Council-Commissioner form of government and provides some or all of the following services: public safety (police), highways and streets, health welfare and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

The accompanying financial statement presents the financial information for the County.

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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

*C. Cash and Investments*

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

*D. Receipts*

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

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

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

ORANGE COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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.

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.

ORANGE COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*F. Interfund Transfers*

The County may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

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

**Note 4. Deposits and Investments**

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

ORANGE COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

ORANGE COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. County Police Retirement Plan*

*Plan Description*

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

*Funding Policy*

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

*C. County Police Benefit Plan*

*Plan Description*

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

*Funding Policy*

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

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of the County being owed reimbursement/refunds in the Health fund and Boston Mutual Life Ins. fund and the Des #0710160 Fed Rd Sign Grant being a reimbursable grant fund.

**Note 8. Subsequent Events**

The Airport Road project commenced in February 2014 with the County Commissioners awarding a bid for the area clearing part of the project to Kerns Excavating, LLC in the amount of \$32,690.

ORANGE COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

The County hired Burgess & Niple to be the engineers of the Airport Road project. The agreement for engineering services totaled \$1,370,695.55.

Burgess & Niple, engineers of the project, informed the Commissioners that Indiana Department of Transportation received the winning bid on February 5, 2014, from Knies Construction, LLC of Jasper with a price of \$4,416,482.77.

Resolution 2014-1, adopted February 20, 2014, authorized a temporary loan of \$400,000 from the Cumulative Bridge fund to the Airport Project fund in order to fund the County portion of the project. The loan was repaid before the due date of June 30, 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.

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

	GENERAL	ACCIDENT REPORT	CAGIT County Certified Shares	CEDIT COUNTY SHARE	CITY & TOWN COURT COSTS	CLERKS RECORDS PERPETUATION	STATE SALES DISCLOSURE FEE
Cash and investments - beginning	\$ 566,386	\$ 4,133	\$ -	\$ 44,702	\$ 68,840	\$ 8,601	\$ 10,152
Receipts:							
Taxes	1,731,355	-	968,318	399,381	-	-	-
Intergovernmental	433,441	-	-	-	-	-	-
Charges for services	380,763	1,015	-	7,490	-	-	2,615
Fines and forfeits	70,995	-	-	-	5,785	4,535	-
Other receipts	42,787	781	20,542	51,995	-	-	-
Total receipts	<u>2,659,341</u>	<u>1,796</u>	<u>988,860</u>	<u>458,866</u>	<u>5,785</u>	<u>4,535</u>	<u>2,615</u>
Disbursements:							
Personal services	2,351,034	-	21,934	-	-	1,318	3,615
Supplies	163,133	-	-	-	-	-	-
Other services and charges	387,155	-	753,413	433,866	-	-	3,500
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	20,470	-	-	-	-	1,117	-
Other disbursements	89,892	4,058	-	-	-	-	-
Total disbursements	<u>3,011,684</u>	<u>4,058</u>	<u>775,347</u>	<u>433,866</u>	<u>-</u>	<u>2,435</u>	<u>7,115</u>
Excess (deficiency) of receipts over disbursements	<u>(352,343)</u>	<u>(2,262)</u>	<u>213,513</u>	<u>25,000</u>	<u>5,785</u>	<u>2,100</u>	<u>(4,500)</u>
Cash and investments - ending	<u>\$ 214,043</u>	<u>\$ 1,871</u>	<u>\$ 213,513</u>	<u>\$ 69,702</u>	<u>\$ 74,625</u>	<u>\$ 10,701</u>	<u>\$ 5,652</u>

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

	CUMULATIVE BRIDGE	CUMULATIVE CAPITAL DEVELOPMENT	Cumulative Courthouse	DRUG FREE COMMUNITY	EMER PLANNING/RIGHT TO KNOW	FIREARMS TRAINING	HEALTH
Cash and investments - beginning	\$ 888,083	\$ 118,040	\$ 5,523	\$ 1,515	\$ 16,807	\$ 17,756	\$ 32,136
Receipts:							
Taxes	431,016	143,672	-	-	-	-	18,419
Intergovernmental	70,652	19,772	-	-	-	-	40,394
Charges for services	-	-	-	-	-	10,670	32,384
Fines and forfeits	-	-	-	14,966	-	-	-
Other receipts	5,063	-	-	-	-	6,401	-
Total receipts	<u>506,731</u>	<u>163,444</u>	<u>-</u>	<u>14,966</u>	<u>-</u>	<u>17,071</u>	<u>91,197</u>
Disbursements:							
Personal services	163,605	-	-	-	74	-	91,655
Supplies	65,072	-	-	-	-	-	6,403
Other services and charges	173,896	94,653	-	-	1,597	-	9,871
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	1,925	20,355	-	-	-	-	18,009
Other disbursements	-	-	-	15,169	-	8,346	-
Total disbursements	<u>404,498</u>	<u>115,008</u>	<u>-</u>	<u>15,169</u>	<u>1,671</u>	<u>8,346</u>	<u>125,938</u>
Excess (deficiency) of receipts over disbursements	<u>102,233</u>	<u>48,436</u>	<u>-</u>	<u>(203)</u>	<u>(1,671)</u>	<u>8,725</u>	<u>(34,741)</u>
Cash and investments - ending	<u>\$ 990,316</u>	<u>\$ 166,476</u>	<u>\$ 5,523</u>	<u>\$ 1,312</u>	<u>\$ 15,136</u>	<u>\$ 26,481</u>	<u>\$ (2,605)</u>

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

	IDENTIFICATION SECURITY PROTEC	CO EXCESS LEVY	LOCAL HEALTH MAINTENANCE	LOCAL ROAD AND STREET	MISDEMEANANT	MOTOR VEHICLE HIGHWAY	PARK & RECREATION
Cash and investments - beginning	\$ 36,839	\$ 29,240	\$ 38,975	\$ 51,918	\$ 25,951	\$ 792,066	\$ 10,785
Receipts:							
Taxes	-	-	-	-	-	44,670	8,841
Intergovernmental	-	-	38,303	169,173	13,387	1,714,222	1,217
Charges for services	1,802	-	-	-	-	-	2,100
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	20,858	131
Total receipts	<u>1,802</u>	<u>-</u>	<u>38,303</u>	<u>169,173</u>	<u>13,387</u>	<u>1,779,750</u>	<u>12,289</u>
Disbursements:							
Personal services	-	-	39,875	-	18,710	1,006,591	1,500
Supplies	-	-	4,684	42,999	-	395,269	109
Other services and charges	8,307	-	1,497	29,582	-	210,282	5,061
Debt service - principal and interest	-	-	-	108,153	-	147,119	-
Capital outlay	-	-	154	-	-	13,964	470
Other disbursements	-	29,240	-	-	-	-	75
Total disbursements	<u>8,307</u>	<u>29,240</u>	<u>46,210</u>	<u>180,734</u>	<u>18,710</u>	<u>1,773,225</u>	<u>7,215</u>
Excess (deficiency) of receipts over disbursements	<u>(6,505)</u>	<u>(29,240)</u>	<u>(7,907)</u>	<u>(11,561)</u>	<u>(5,323)</u>	<u>6,525</u>	<u>5,074</u>
Cash and investments - ending	<u>\$ 30,334</u>	<u>\$ -</u>	<u>\$ 31,068</u>	<u>\$ 40,357</u>	<u>\$ 20,628</u>	<u>\$ 798,591</u>	<u>\$ 15,859</u>

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

	PLAT BOOK	RAINY DAY	PROPERTY REASSESSMENT - 2009	REASSESSMENT - 2015	RECORDER'S RECORD PERPETUATION	CO FL Casino Wagering & Admissions	CO SEX & VIOLENT OFFENDER FUND
Cash and investments - beginning	\$ 17,793	\$ 16,366	\$ 89,171	\$ 609,746	\$ 55,814	\$ 1,369,845	\$ 1,725
Receipts:							
Taxes	-	-	-	311,658	-	-	-
Intergovernmental	-	-	-	42,890	-	1,304,574	-
Charges for services	9,640	-	-	-	14,968	64,020	1,485
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	5,250	-	6,825	-
Total receipts	9,640	-	-	359,798	14,968	1,375,419	1,485
Disbursements:							
Personal services	18,845	-	16,646	66,444	525	288,524	-
Supplies	-	-	-	181	-	-	450
Other services and charges	-	14,814	67,275	116,415	-	130,748	-
Debt service - principal and interest	-	-	-	-	-	260,563	-
Capital outlay	-	-	-	3,550	-	917,064	-
Other disbursements	-	-	5,250	-	14,773	-	-
Total disbursements	18,845	14,814	89,171	186,590	15,298	1,596,899	450
Excess (deficiency) of receipts over disbursements	(9,205)	(14,814)	(89,171)	173,208	(330)	(221,480)	1,035
Cash and investments - ending	\$ 8,588	\$ 1,552	\$ -	\$ 782,954	\$ 55,484	\$ 1,148,365	\$ 2,760

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

	INDIANA SHERIFF'S 457(B) PLAN	SUPP PUBLIC DEFENDER SERVICES	SURPLUS TAX	SURVEYORS CORNER PERPETUATION	TAX SALE REDEMPTION	TAX SALE SURPLUS	LOCAL HEALTH DEPT TRUST ACCOUN
Cash and investments - beginning	\$ -	\$ 9,025	\$ 38,249	\$ 29,859	\$ 3,811	\$ 178,569	\$ 16,365
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	8,182
Charges for services	-	-	-	6,210	-	-	-
Fines and forfeits	-	967	-	-	-	-	-
Other receipts	2,700	-	15,628	-	27,744	212,697	-
Total receipts	<u>2,700</u>	<u>967</u>	<u>15,628</u>	<u>6,210</u>	<u>27,744</u>	<u>212,697</u>	<u>8,182</u>
Disbursements:							
Personal services	-	-	-	-	-	-	16,471
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	4,950	15,959	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	2,700	-	40,613	-	15,596	229,371	-
Total disbursements	<u>2,700</u>	<u>-</u>	<u>40,613</u>	<u>4,950</u>	<u>31,555</u>	<u>229,371</u>	<u>16,471</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>967</u>	<u>(24,985)</u>	<u>1,260</u>	<u>(3,811)</u>	<u>(16,674)</u>	<u>(8,289)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 9,992</u>	<u>\$ 13,264</u>	<u>\$ 31,119</u>	<u>\$ -</u>	<u>\$ 161,895</u>	<u>\$ 8,076</u>

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

	VEHICLE INSPECTION	VICTIM IMPACT PROGRAM	CO ELECTED OFFICIALS TRAINING	STATEWIDE 911	ADULT PROBATION ADMINISTRATIVE	JUVENILE PROBATION ADMINISTRAT	ALTERNATIVE DISPUTE RESOLUTION
Cash and investments - beginning	\$ 413	\$ 2	\$ 2,728	\$ 127,845	\$ 168,255	\$ 6,203	\$ 16,125
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	225	-	1,819	360,319	-	-	-
Fines and forfeits	-	-	-	-	136,333	4,055	2,040
Other receipts	-	-	-	-	-	3,500	-
Total receipts	<u>225</u>	<u>-</u>	<u>1,819</u>	<u>360,319</u>	<u>136,333</u>	<u>7,555</u>	<u>2,040</u>
Disbursements:							
Personal services	-	-	-	246,164	126,097	35	-
Supplies	465	-	-	-	767	814	-
Other services and charges	-	-	1,074	53,657	23,913	4,408	500
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	2,600	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>465</u>	<u>-</u>	<u>1,074</u>	<u>299,821</u>	<u>153,377</u>	<u>5,257</u>	<u>500</u>
Excess (deficiency) of receipts over disbursements	<u>(240)</u>	<u>-</u>	<u>745</u>	<u>60,498</u>	<u>(17,044)</u>	<u>2,298</u>	<u>1,540</u>
Cash and investments - ending	<u>\$ 173</u>	<u>\$ 2</u>	<u>\$ 3,473</u>	<u>\$ 188,343</u>	<u>\$ 151,211</u>	<u>\$ 8,501</u>	<u>\$ 17,665</u>

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

	USER-COUNTY DRUG FUND-PROBATION	Convention Center Operating	Health Insurance	PRE-PAID LEGAL INC	AUL Retirement	PAYROLL WITHHOLDING - FEDERAL	WITHHOLDING-SOCIAL SECURITY TA
Cash and investments - beginning	\$ 25,917	\$ -	\$ 14,867	\$ -	\$ -	\$ -	\$ 10
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	1,665	-	-	-	-	-	-
Other receipts	-	20,550	688,757	2,789	23,600	293,847	515,783
Total receipts	1,665	20,550	688,757	2,789	23,600	293,847	515,783
Disbursements:							
Personal services	-	-	-	-	-	-	515,571
Supplies	-	-	-	-	-	-	-
Other services and charges	2,266	-	688,019	2,789	-	293,847	-
Debt service - principal and interest	-	19,400	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	75	-	-	23,600	-	-
Total disbursements	2,266	19,475	688,019	2,789	23,600	293,847	515,571
Excess (deficiency) of receipts over disbursements	(601)	1,075	738	-	-	-	212
Cash and investments - ending	\$ 25,316	\$ 1,075	\$ 15,605	\$ -	\$ -	\$ -	\$ 222

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

	<u>WITHHOLDING-PERF</u>	<u>WITHHOLDING-STATE TAX</u>	<u>GARNISHMENT</u>	<u>SHERIFFS PENSION</u>	<u>STATE SETTLEMENT</u>	<u>CVET AGENCY</u>	<u>SEWAGE COLLECTIONS</u>
Cash and investments - beginning	\$ -	\$ -	\$ 138	\$ 2,604	\$ -	\$ -	\$ 2,112
Receipts:							
Taxes	-	-	-	-	11,404,517	-	-
Intergovernmental	-	-	-	-	1,518,665	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	<u>365,681</u>	<u>155,199</u>	<u>12,891</u>	<u>23,390</u>	<u>54,248</u>	<u>234,253</u>	<u>3,235</u>
Total receipts	<u>365,681</u>	<u>155,199</u>	<u>12,891</u>	<u>23,390</u>	<u>12,977,430</u>	<u>234,253</u>	<u>3,235</u>
Disbursements:							
Personal services	-	155,199	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	<u>365,681</u>	<u>-</u>	<u>13,029</u>	<u>22,756</u>	<u>12,977,430</u>	<u>234,253</u>	<u>3,406</u>
Total disbursements	<u>365,681</u>	<u>155,199</u>	<u>13,029</u>	<u>22,756</u>	<u>12,977,430</u>	<u>234,253</u>	<u>3,406</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>(138)</u>	<u>634</u>	<u>-</u>	<u>-</u>	<u>(171)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,238</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,941</u>

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

	FINANCIAL INSTITUTION TAX	HEA 1001 STATE HOMESTEAD CREDI	FINES & FORFEITURES	SPECIAL DEATH BENEFIT	SALES DISCLOSURE - STATE SHARE	CORONERS CONTINUING EDUCATION	INTERSTATE COMPACT FEE
Cash and investments - beginning	\$ -	\$ 572	\$ 300	\$ -	\$ 185	\$ 96	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	2,615	2,046	-
Fines and forfeits	-	-	8,278	1,175	-	-	1,796
Other receipts	91,169	-	-	-	-	-	-
Total receipts	91,169	-	8,278	1,175	2,615	2,046	1,796
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	7,244	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	91,169	5	1,077	1,060	2,595	2,013	1,721
Total disbursements	91,169	5	8,321	1,060	2,595	2,013	1,721
Excess (deficiency) of receipts over disbursements	-	(5)	(43)	115	20	33	75
Cash and investments - ending	\$ -	\$ 567	\$ 257	\$ 115	\$ 205	\$ 129	\$ 75

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

	STATE MORTGAGE FEE	SEX & VIOLENT OFFNDR - ST SHAR	INHERITANCE TAX	EDUCATION PLATE	INNKEEPERS TAX COLLECTIONS	CAGIT DISTRIBUTION	CAGIT-EDIT
Cash and investments - beginning	\$ 180	\$ -	\$ 58,715	\$ -	\$ 557,195	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	892,741	2,597,326	650,264
Intergovernmental	-	-	-	-	-	-	-
Charges for services	1,821	165	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	239,401	431	-	-	-
Total receipts	<u>1,821</u>	<u>165</u>	<u>239,401</u>	<u>431</u>	<u>892,741</u>	<u>2,597,326</u>	<u>650,264</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	1,881	155	-	-	200,000	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	298,116	375	757,480	2,597,326	650,264
Total disbursements	<u>1,881</u>	<u>155</u>	<u>298,116</u>	<u>375</u>	<u>957,480</u>	<u>2,597,326</u>	<u>650,264</u>
Excess (deficiency) of receipts over disbursements	<u>(60)</u>	<u>10</u>	<u>(58,715)</u>	<u>56</u>	<u>(64,739)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 120</u>	<u>\$ 10</u>	<u>\$ -</u>	<u>\$ 56</u>	<u>\$ 492,456</u>	<u>\$ -</u>	<u>\$ -</u>

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

	ARRA IV-D INCENTIVE (CLERK)	95.563 PROS IV-D INCTV POST 99	95.563 CLERK IV-D INCTV POST 99	American Family Insurance	Conseco Insurance	Pekin Life Insurance	Boston Mutual Life Ins.
Cash and investments - beginning	\$ 4,071	\$ 8,978	\$ 11,553	\$ 710	\$ 268	\$ 229	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	27,303	9,516	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	8,284	9,611	14,295	5,779
Total receipts	-	27,303	9,516	8,284	9,611	14,295	5,779
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	891	20,652	8,269	8,327	9,879	14,414	5,812
Total disbursements	891	20,652	8,269	8,327	9,879	14,414	5,812
Excess (deficiency) of receipts over disbursements	(891)	6,651	1,247	(43)	(268)	(119)	(33)
Cash and investments - ending	<u>\$ 3,180</u>	<u>\$ 15,629</u>	<u>\$ 12,800</u>	<u>\$ 667</u>	<u>\$ -</u>	<u>\$ 110</u>	<u>\$ (33)</u>

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

	Broker Dental/Vison	Air Evac	Liberty National Ins.	Colonial Life Ins.	Deferred Comp	Riverboat Wagering Tax Fund	Riverboat Admissions Tax Fund
Cash and investments - beginning	\$ 102	\$ -	\$ -	\$ -	\$ -	\$ 265,082	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	1,433,990	832,402
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	18,156	2,455	7,405	301	2,795	-	-
Total receipts	<u>18,156</u>	<u>2,455</u>	<u>7,405</u>	<u>301</u>	<u>2,795</u>	<u>1,433,990</u>	<u>832,402</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	16,818	2,455	7,405	301	2,795	1,533,179	832,402
Total disbursements	<u>16,818</u>	<u>2,455</u>	<u>7,405</u>	<u>301</u>	<u>2,795</u>	<u>1,533,179</u>	<u>832,402</u>
Excess (deficiency) of receipts over disbursements	<u>1,338</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(99,189)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,440</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 165,893</u>	<u>\$ -</u>

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

	97.042 Empgcompema	Orange County Clerk	ISETS	Commissary Fund	Inmate Trust Fund	After Settlement Collections	Odyssey
Cash and investments - beginning	\$ -	\$ 548,824	\$ 5,777	\$ 48,259	\$ 3,632	\$ 350,302	\$ -
Receipts:							
Taxes	-	-	-	-	-	383,815	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	89,086	-	-	-
Fines and forfeits	-	68,239	451,341	-	-	-	1,885,689
Other receipts	3,841	-	-	-	84,278	-	-
Total receipts	<u>3,841</u>	<u>68,239</u>	<u>451,341</u>	<u>89,086</u>	<u>84,278</u>	<u>383,815</u>	<u>1,885,689</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	91,555	82,382	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	3,697	433,284	452,731	-	-	350,302	1,464,755
Total disbursements	<u>3,697</u>	<u>433,284</u>	<u>452,731</u>	<u>91,555</u>	<u>82,382</u>	<u>350,302</u>	<u>1,464,755</u>
Excess (deficiency) of receipts over disbursements	<u>144</u>	<u>(365,045)</u>	<u>(1,390)</u>	<u>(2,469)</u>	<u>1,896</u>	<u>33,513</u>	<u>420,934</u>
Cash and investments - ending	<u>\$ 144</u>	<u>\$ 183,779</u>	<u>\$ 4,387</u>	<u>\$ 45,790</u>	<u>\$ 5,528</u>	<u>\$ 383,815</u>	<u>\$ 420,934</u>

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

	User-Law Enforcement Education	User-Jury Duty	User-Pros Drug Investigation	User-Drug Treatment Program	User-Pretrial Diversion	ORANGE CO LAW ENFORCEMENT CONT	INDIANA REGION 15 PLANNING
Cash and investments - beginning	\$ 39,063	\$ 834	\$ 2,370	\$ 67,900	\$ 15,730	\$ 9	\$ 4,052
Receipts:							
Taxes	-	-	-	-	-	-	5,157
Intergovernmental	-	-	-	-	-	-	710
Charges for services	2,652	-	-	-	-	-	-
Fines and forfeits	-	1,909	1,226	66,959	59,896	294	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>2,652</u>	<u>1,909</u>	<u>1,226</u>	<u>66,959</u>	<u>59,896</u>	<u>294</u>	<u>5,867</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	422	1,269	3,298	66,721	31,859	-	8,928
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>422</u>	<u>1,269</u>	<u>3,298</u>	<u>66,721</u>	<u>31,859</u>	<u>-</u>	<u>8,928</u>
Excess (deficiency) of receipts over disbursements	<u>2,230</u>	<u>640</u>	<u>(2,072)</u>	<u>238</u>	<u>28,037</u>	<u>294</u>	<u>(3,061)</u>
Cash and investments - ending	<u>\$ 41,293</u>	<u>\$ 1,474</u>	<u>\$ 298</u>	<u>\$ 68,138</u>	<u>\$ 43,767</u>	<u>\$ 303</u>	<u>\$ 991</u>

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

	WOLFE CEMETERY FUND	SHERIFF DONATIONS	TRUCK HAULING PERMITS	HIGHWAY EQUIPMENT BOND FUND	SHERIFF WALMART GRANT	2019 COURTHOUSE BOND REDEMP TIN	RULE 5 FUND
Cash and investments - beginning	\$ 10,000	\$ 2,091	\$ 2,753	\$ 487,804	\$ 188	\$ 789,520	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	9,180
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	70	-	150	-	-	55,514	-
Total receipts	<u>70</u>	<u>-</u>	<u>150</u>	<u>-</u>	<u>-</u>	<u>55,514</u>	<u>9,180</u>
Disbursements:							
Personal services	-	-	-	-	-	-	3,873
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	487,660	-	-	-
Other disbursements	70	191	-	-	-	-	-
Total disbursements	<u>70</u>	<u>191</u>	<u>-</u>	<u>487,660</u>	<u>-</u>	<u>-</u>	<u>3,873</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(191)</u>	<u>150</u>	<u>(487,660)</u>	<u>-</u>	<u>55,514</u>	<u>5,307</u>
Cash and investments - ending	<u>\$ 10,000</u>	<u>\$ 1,900</u>	<u>\$ 2,903</u>	<u>\$ 144</u>	<u>\$ 188</u>	<u>\$ 845,034</u>	<u>\$ 5,307</u>

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

	SALARY SUPPLEMENT FUND	UNEMPLOYMENT	PAYMENT IN LEU OF TAXES	HD.011.010 IN HOUSING AUTHORIT	FRENCH LICK AIRPORT ROAD 300 S	OPERATION PULL OVER	SECTION 5311 TRANSPORTATION
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 25,871	\$ 1,392	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Intergovernmental	-	-	42,305	85,447	141,406	347	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	71,731	6,475	-	-	290,000	-	252,679
Total receipts	71,731	6,475	42,305	85,447	431,406	347	252,679
Disbursements:							
Personal services	68,502	-	-	-	-	236	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	247,335	93	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	6,475	42,305	85,447	-	18	252,679
Total disbursements	68,502	6,475	42,305	85,447	247,335	347	252,679
Excess (deficiency) of receipts over disbursements	3,229	-	-	-	184,071	-	-
Cash and investments - ending	\$ 3,229	\$ -	\$ -	\$ -	\$ 209,942	\$ 1,392	\$ -

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

	DR2-09-215 WATERWAY DEBRIS REM	DES# 0710160 FED RD SIGN GRANT	TITLE IV-D INCENTIVE	OC PUBLIC SAFTY NARROW BANDING	ADAPT-SUBSTANCE ABUSE PROGRAM	DRUG TESTING FUND-PROBATION	Totals
Cash and investments - beginning	\$ -	\$ 13,010	\$ 29,272	\$ 44,557	\$ 3,346	\$ 549	\$ 8,977,346
Receipts:							
Taxes	-	-	-	-	-	-	19,991,150
Intergovernmental	12,753	131,230	9,516	-	-	-	8,101,797
Charges for services	-	-	-	-	-	-	1,005,090
Fines and forfeits	-	-	-	-	-	-	2,788,143
Other receipts	-	-	-	24,810	-	-	4,006,755
Total receipts	12,753	131,230	9,516	24,810	-	-	35,892,935
Disbursements:							
Personal services	-	-	-	-	-	-	5,223,043
Supplies	-	144,464	-	-	-	-	998,747
Other services and charges	12,753	-	-	-	-	-	4,115,272
Debt service - principal and interest	-	-	-	-	-	-	535,235
Capital outlay	-	-	-	-	-	-	1,487,338
Other disbursements	-	-	3,150	46,587	-	-	24,103,804
Total disbursements	12,753	144,464	3,150	46,587	-	-	36,463,439
Excess (deficiency) of receipts over disbursements	-	(13,234)	6,366	(21,777)	-	-	(570,504)
Cash and investments - ending	\$ -	\$ (224)	\$ 35,638	\$ 22,780	\$ 3,346	\$ 549	\$ 8,406,842

ORANGE 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>\$ 132,011</u>	<u>\$ 657,030</u>

ORANGE COUNTY  
SCHEDULE OF LEASES AND DEBT  
December 31, 2013

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	Community Building	\$ 418,339	\$ 52,105
Revenue bonds	Courthouse Renovation	1,910,000	184,389
Notes and loans payable	Ambulance	58,413	20,355
Notes and loans payable	Highway Equipment	<u>508,853</u>	<u>210,059</u>
Total governmental activities		<u>2,895,605</u>	<u>466,908</u>
Totals		<u>\$ 2,895,605</u>	<u>\$ 466,908</u>

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

TO: THE OFFICIALS OF ORANGE COUNTY, INDIANA

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

We have audited Orange County's (County) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013. The County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

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

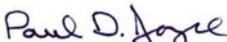
***Report on Internal Control Over Compliance***

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

  
Paul D. Joyce, CPA  
State Examiner

December 8, 2014

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Housing and Urban Development</u>				
CDBG - State-Administered CDBG Cluster				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii Waterway Debris Removal	Indiana Office of Community and Rural Affairs	14.228	A192-12-DR2-09-215	\$ 12,753
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii Hoosier Uplands Housing	Indiana Housing and Community Development	14.228	HD-011-010	<u>85,447</u>
Total - CDBG - State-Administered CDBG Cluster				<u>98,200</u>
Total - Department of Housing and Urban Development				<u>98,200</u>
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster				
Highway Planning and Construction Bridge Inspection	Indiana Department of Transportation	20.205	901326	11,336
Federal Sign Grant			710160	131,230
French Lick Airport Road			901872	115,246
French Lick Bridge			902252	<u>26,160</u>
Total - Highway Planning and Construction Cluster				<u>283,972</u>
Formula Grants for Rural Areas Orange County Transit	Indiana Department of Transportation	20.509	180290290	<u>144,016</u>
Total - Department of Transportation				<u>427,988</u>
<u>Department of Health and Human Services</u>				
Public Health Emergency Preparedness Health	Indiana Department of Health	93.069	EDS #A70-3-0532128	<u>18,276</u>
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements Health	Indiana Department of Health	93.074	BPRS 158-70	<u>16,781</u>
Child Support Enforcement	Indiana Department of Child Services	93.563	FY 2013	111,339
Child Support Enforcement		93.563	FY 2013	3,150
93.563 Title IV-D Incentive		93.563	FY 2013	20,652
93.563 Prosecutor IV-D Incentive Post 69		93.563	FY 2013	<u>8,269</u>
93.563 Clerk IV-D Incentive Post 69				
Subtotal - Child Support Enforcement				<u>143,410</u>
ARRA - Child Support Enforcement AARA IV-D Incentive Clerk	Indiana Department of Child Services	93.563	FY 2013	<u>891</u>
Total - Child Support Enforcement				<u>144,301</u>
Total - Department of Health and Human Services				<u>179,358</u>
<u>Department of Homeland Security</u>				
Emergency Management Performance Grants Emergency Management Performance	Indiana Homeland Security	97.042	C44P-2-364-A	<u>18,841</u>
Total - Department of Homeland Security				<u>18,841</u>
Total federal awards expended				<u>\$ 724,387</u>

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

ORANGE 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	\$ 85,447
Formula Grants for Rural Areas	20.509	144,016

ORANGE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
20.509	Highway Planning and Construction Cluster Formula Grants for Rural Areas

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 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

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

ORANGE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

During the audit of the SEFA, we noted the following errors:

1. The County failed to report Department of Health and Human Services funds which were passed through the Indiana Department of Health in the amount of \$35,037.
2. The County reported expenditures associated with the Department of Transportation of \$387,674 which were state funds and should not have been included.
3. The County made additional errors and omissions which netted to an over reporting on the SEFA of \$69,058.
4. The County failed to correctly identify pass-through entities.

Audit adjustments in the amount of \$421,695 were proposed, accepted by the County, and made to the SEFA presented in this report.

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.

ORANGE COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

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

The County did not have a proper system of internal control in place to prevent, or detect and correct, errors on the 2013 financial statement generated by the Gateway Annual Financial Report. The County should have proper controls in place over the preparation of the Annual Financial Report to ensure accurate reporting of financial activity and supplementary information. Without a proper system of internal control in place that operates effectively, material misstatements of the financial activity and supplementary information included with the Annual Financial Report could remain undetected.

The Gateway Annual Financial Report was compiled by the County Auditor and a third party due to the password being shared by the County Auditor with the third party. Changes to the Annual Financial Report were subsequently made by the third party and saved to the Gateway system. The County Auditor submitted the Annual Financial Report to Gateway without a proper review of all the data that had been entered into the system. The County's financial statement is prepared from the information entered in the Gateway Annual Financial Report.

Even though the password to the Gateway system was shared by the County Auditor and the Annual Financial Report was not properly reviewed before submission, the County's financial statement that was generated was found to be materially correct.

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.

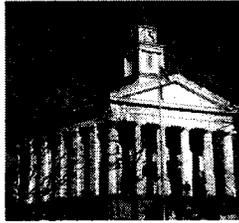
Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

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

No matters are reportable.

AUDITEE PREPARED DOCUMENT

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



*Donna Atchison*  
*Auditor of Orange County*  
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*Paoli, Indiana 47454*  
*auditor1@co.orange.in.us*

*December 8, 2014*

Indiana State Board of Accounts  
302 Washington Street Room E418  
Indianapolis, IN 46204-2765

**FINDING 2013-001 PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**CORRECTIVE ACTION PLAN**

The office will implement a new ordinance for the accurate accounting of federal awards by the following procedures not later than December 31, 2014

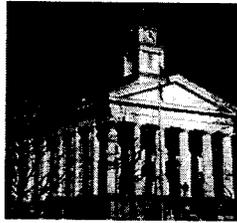
1. All applications will be presented to the Auditor and Commissioners before any other action is taken by the applicant.
2. The applicant, Auditor and Commissioners shall have knowledge of OMB Circular A-133 and its contents.
3. The applicant, Auditor and Commissioner shall follow OMB Circular A-133 rules and regulations.
4. The Commissioners shall enforce the rules and regulations provided in Circular A-133
5. The applicant must provide a detailed description of the award.
6. The applicant must provide the reason for the application.
7. The applicant must provide the purpose of the application.
8. The applicant must provide a plan of action for the funds awarded.
9. The plan of action must conform to the rules and bylaws of the award.
10. The applicant must provide contact information.
11. Upon receipt of the award the applicant must provide the Auditor with the amount received.
12. The Auditor will enter a new line item for amount received.
13. The Auditor will enter a new line item for expenses submitted by the applicant.
14. The applicant must provide proper documentation and line item number for all claims made against the award. Any purchases made which are not grant specific will not be paid.
15. The assets purchased by the grant will remain county property.
16. The applicant will provide a list of all assets purchased including any identification number to the Auditor upon purchase. The Auditor will perform a complete and accurate inventory of assets at their discretion.
17. The Auditor and Applicant shall keep a excel worksheet of receipts, disbursements and assets
18. The Auditor upon their discretion shall audit the applicant worksheet for comparison to hers.

19. The Auditor shall balance both excel sheets against the financial software report in order to create an accurate accounting for the yearend report posted to Gateway.
20. The applicant shall make ready any and all reports requested by the commissioners in a timely manner.
21. The Commissioners shall be made aware of any irregularities in any reports by the Auditor and or the Applicant.

These procedures shall apply to all awards, federal, local or pass through.

Yours truly,

  
Donna Atchison



*Donna Atchison*  
*Auditor of Orange County*  
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*Paoli, Indiana 47454*  
*auditor1@co.orange.in.us*

*December 8, 2014*

Indiana State Board of Accounts  
302 Washington Street Room E418  
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**FINDING 2013-002 INTERNAL CONTROLS OVER FINANCIAL TRANSCATIONS AND REPORTING**

**CORRECTIVE ACTION PLAN**

This office has instituted a NO SHARE password policy. Any access to Gateway will be in the presence of the Auditor. Submissions will be made by the Auditor.

Any information necessary to file a complete and accurate report will be provided to the Auditor in a timely manner.

The annual report will balance with any and all figures used to compile the report. Outside balances such as amortization and grants will balance with the financial software.

The capital assets section will include an updated infrastructure amount. This office will work with the Highway Department to attain the number of bridges and roads in the county. All departments will provide a complete list of assets in their office and the Auditors office with a value of \$1,000 or more and an inventory of items below \$999.

Yours truly,

*Donna Atchison*  
Donna Atchison

#### 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/>.