

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF
FRANKLIN 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	Stephen Brack	12-20-12 to 12-31-14
Treasurer	Veronica Voelker	01-01-13 to 12-31-16
Clerk	Karla J. Bauman	01-01-11 to 12-31-14
Sheriff	Kenneth A. Murphy	01-01-11 to 12-31-14
Recorder	Pamela K. Beneker	01-01-13 to 12-31-16
President of the Board of County Commissioners	Thomas Wilson	01-01-13 to 12-31-14
President of the County Council	Jeffery C. Koch	01-01-13 to 12-31-14



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF FRANKLIN COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of Franklin 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 4, 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

December 4, 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 FRANKLIN 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 Franklin 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 4, 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

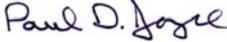
As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

Franklin County's Response to Findings

The County's response to the findings identified in our audit is described in the accompanying Corrective Action Plans. 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 4, 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.

FRANKLIN 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	\$ 1,089,780	\$ 3,689,897	\$ 4,292,406	\$ 487,271
Accident Report	6,009	2,141	2,161	5,989
Cagit Certified Shares	-	2,190,071	1,811,731	378,340
Highway Edit	574,801	771,546	783,107	563,240
City And Town Court Cost	2,644	4,653	4,733	2,564
Clerks Record Perpetuation	22,869	7,658	1,994	28,533
County Sales Disclosure Fee	20,222	2,665	35	22,852
Covered Bridge	47,198	3,700	-	50,898
Cumulative Bridge	566,976	571,585	365,398	773,163
Cumulative Capital Development	397,605	169,645	193,875	373,375
Drug Free Community Fund	54,589	31,850	40,000	46,439
Emergency Planning/Right To Know	9,235	3,292	3,373	9,154
E911 Landline	-	13	13	-
Fire Arm Training	18,438	12,940	9,965	21,413
General Drain Improvement	8,315	-	-	8,315
Health	8,651	363,925	362,464	10,112
Co Id Protection (Recorder)	17,722	2,160	8,060	11,822
Levy Excess Fund County	117,634	4,934	122,568	-
Health Maintenance	171,268	33,139	41,361	163,046
Local Road And Street	536,606	292,104	355,562	473,148
Inmate Medical	9,585	900	-	10,485
County Misdemeanant	59,095	14,626	17,374	56,347
Highway	233,542	1,956,184	1,766,980	422,746
Plat Book Fees	57,665	6,620	7,650	56,635
Fr Co Economic Development	173,029	50,000	137,797	85,232
Rainy Day Fund	886,201	203,712	200,000	889,913
Reassessment 2006 / 2009	106,938	2,375	109,313	-
2017 Reassessment	364,017	343,796	197,085	510,728
Recorders Records Perpetuation	75,308	35,760	16,425	94,643
Sex & Violent Offender Admin	-	1,765	1,665	100
Sheriff Service (Police Pension)	14,612	4,862	-	19,474
Supplemental Public Defender	3,742	-	-	3,742
Surplus Tax	13,287	52,242	26,724	38,805
Surveyors Corner Perpetuation	26,114	4,521	6,118	24,517
Tax Sale Redemption	5,712	77,879	78,577	5,014
Tax Sale Surplus	257,860	336,100	333,429	260,531
Ind Local Health Dept Trust Ac	30,967	8,703	11,131	28,539
Guardian Ad Litem/Court User F	3,605	-	-	3,605
Election	29,518	-	21,530	7,988
Auditors Ineligible Deductions	26,945	10,318	28,753	8,510
Co Elected Officials Training	3,094	2,160	1,733	3,521
Park And Recreation	26,972	209,684	226,244	10,412
Co Offender Transportation	1,750	1,250	-	3,000
Statewide 911	234,011	398,463	389,907	242,567
Supplemental Adult Probation S	40,041	106,584	117,352	29,273
Supplemental Juvenile Probation	34,260	8,420	4	42,676
Co Users Fee	55,217	32,506	31,504	56,219
Dare Ditch	11,860	23	-	11,883
Drainage Maintenance	15,213	4,000	-	19,213
Waste Management & Recycling	20,768	12,199	5,128	27,839
Donations	7,126	2,311	1,684	7,753
Bond 2 Government Center	185,708	464,162	424,879	224,991
Health Self Insurance	1,894,792	1,864,348	1,690,885	2,068,255
Payroll Clearing Fund	-	1,514,515	1,514,510	5
Settlement	-	15,154,850	15,154,850	-
Commercial Vehicle Excise Tax	-	88,859	88,859	-
Sewage Fees	17,622	38,831	17,622	38,831
Financial Institutions Tax	-	103,851	103,851	-
HEA 1001-2008 State HSC	488	-	-	488
Fines And Forfeitures	12,058	64,706	65,755	11,009
Infractions And Judgments	291	12,976	11,899	1,368
Special Death Benefits	95	1,940	1,835	200
State Gen Fund Sales Disc	170	2,655	2,325	500
Coroner Training Fund	95	1,034	963	166
Interstate Compact Fee	-	1,251	813	438
Mortgage Fee (Recorder)	303	2,905	2,840	368
DLGF Homestead Property Databa	-	9	9	-
Child Restraint System Violation	-	225	225	-
Forest Restoration	-	1,390	1,187	203
Inheritance Tax	-	150,128	130,588	19,540
Education Plate Fees	-	525	525	-

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

FRANKLIN 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
Riverboat Wagering Tax Revenue	-	636,766	636,766	-
Innkeepers Tax	159,511	82,909	71,934	170,486
Prosecutor ARRA	10,380	-	9,508	872
Clerk ARRA	15,483	-	99	15,384
Co General IV-D Incentive	42,757	10,509	7,700	45,566
Title IV-D Prosecuting Attorney	3,229	-	313	2,916
Title IV-D Pros. At.10/1/99	28,855	16,152	4,750	40,257
Title IV-D County Clerk Incent	5	-	-	5
Title IV-D Clerk 10/1/99	15,722	10,510	8,809	17,423
car1 -after settlement collections	249,905	586,472	249,905	586,472
car1 - Court Trust Account	319,816	1,309,399	1,524,439	104,776
car1 - ISETS clerk	4,308	330,992	334,000	1,300
car1 - Inmate Trust	2,443	20,694	21,594	1,543
car1 - Sheriff Commissary Fund	32,161	23,744	27,382	28,523
Pandemic Influenza	2,000	-	2,000	-
Local Public Health Coordinator	2,217	-	474	1,743
Cholesterol	27	-	-	27
Park Nonreverting	11,474	32	-	11,506
Tower Maintenance	18,087	4,104	-	22,191
Flu Vac	14,539	100	212	14,427
Radio E 911	890	-	-	890
Vaccine	5,010	6,989	582	11,417
Gov't Building Renovations	25	-	-	25
Historic Metamora	665	-	665	-
Commissioner Certificate Sale	4,083	-	-	4,083
Rex Road Repairs	189,756	192	54,909	135,039
Fr Co Law Enforcement Fund	-	114,728	47,701	67,027
Records Check Fee Sheriff	600	-	-	600
Surplus Dog	308	-	-	308
Co Law Enforcement Continuing	1,940	-	1,907	33
Law Enf Continuing Ed	13,770	3,311	2,984	14,097
IN Home Detention	22,235	7,806	2,088	27,953
Choices/Saturday Program	3,576	622	500	3,698
Deferral Program	38,524	2,970	-	41,494
Final HEA 1001-2007 PTRC & HSC	13	48	48	13
Cagit	-	4,301,484	4,301,484	-
Edit Tax	-	1,079,475	1,079,475	-
Operation Pullover	2,880	13,902	16,605	177
Open Alcohol Bev 6/27-7/13/03	1,031	-	-	1,031
Stayin' Alive DUI	3,337	9,999	6,318	7,018
Open GIS WFS Grant	(1,000)	2,250	-	1,250
Public Mass Transportation	-	312,621	312,621	-
Victim Assistance	22	-	-	22
MRC Federal (Health)	4,822	-	584	4,238
EMA Performance Grant	-	13,121	3,991	9,130
Marijuana Eradication	18	-	-	18
PHC Base/CRI Public Health Coo	(8,600)	43,441	34,841	-
PHC Base/CRI Public Health Coo	-	-	5,636	(5,636)
Teppco G.P. / EMA	986	-	295	691
Park Grants	1	-	-	1
Hautau	-	100,000	100,000	-
Public Health Syst Quality Imp	401	-	125	276
Landscaping Grant Bville Found	100	-	-	100
Health Dept Grant Bville Found	651	630	1,281	-
GAL/CASA Grant	-	2,386	-	2,386
Bio-Terrorism	2,144	-	900	1,244
Marine Patrol Grant	1,458	-	-	1,458
MRC State (Health)	(1,056)	4,954	3,898	-
Bulletproof Vest Program	-	1,920	1,890	30
R1 Ind Nat Dist Grant	1,401	-	-	1,401
Park Playground Donation	1,751	-	-	1,751
EMA Duke Energy Grant	22	-	22	-
WW Valley REMC Sheriff Grant	576	-	576	-
EMA Weather Radios	3	-	3	-
Totals	<u>\$ 9,835,500</u>	<u>\$ 40,570,273</u>	<u>\$ 40,229,147</u>	<u>\$ 10,176,626</u>

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

FRANKLIN 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.

FRANKLIN 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 receipt include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the County.

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

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

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

E. Disbursements

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

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

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

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

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

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

FRANKLIN 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.

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.

FRANKLIN COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

FRANKLIN 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 funds being set up for reimbursable grants. The reimbursements for expenditures made by the County were not received by December 31, 2013.

Note 8. Combined Funds

Funds related to Jury Fees and Pretrial Diversion User Fees were reported individually in the prior financial statement but were combined into one fund, Co Users Fee, for the current financial statement. Funds related to donations were reported individually in the prior financial statement but were combined into one fund, Donations, for the current financial statement.

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.

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

	General	Accident Report	Cagit Certified Shares	Highway Edit	City And Town Court Cost	Clerks Record Perpetuation	County Sales Disclosure Fee
Cash and investments - beginning	\$ 1,089,780	\$ 6,009	\$ -	\$ 574,801	\$ 2,644	\$ 22,869	\$ 20,222
Receipts:							
Taxes	2,342,708	-	2,062,633	771,228	-	-	-
Licenses and permits	34,163	-	-	-	-	-	-
Intergovernmental	52,459	-	-	-	-	-	-
Charges for services	234,599	2,141	-	-	4,299	2,589	2,335
Fines and forfeits	105	-	-	-	-	3,590	-
Other receipts	1,025,863	-	127,438	318	354	1,479	330
Total receipts	<u>3,689,897</u>	<u>2,141</u>	<u>2,190,071</u>	<u>771,546</u>	<u>4,653</u>	<u>7,658</u>	<u>2,665</u>
Disbursements:							
Personal services	2,929,055	-	895,000	-	-	-	-
Supplies	300,039	-	20,844	643,895	-	-	-
Other services and charges	896,664	-	636,774	5,981	-	-	-
Capital outlay	17,473	-	134,113	133,231	-	1,994	-
Other disbursements	149,175	2,161	125,000	-	4,733	-	35
Total disbursements	<u>4,292,406</u>	<u>2,161</u>	<u>1,811,731</u>	<u>783,107</u>	<u>4,733</u>	<u>1,994</u>	<u>35</u>
Excess (deficiency) of receipts over disbursements	<u>(602,509)</u>	<u>(20)</u>	<u>378,340</u>	<u>(11,561)</u>	<u>(80)</u>	<u>5,664</u>	<u>2,630</u>
Cash and investments - ending	<u>\$ 487,271</u>	<u>\$ 5,989</u>	<u>\$ 378,340</u>	<u>\$ 563,240</u>	<u>\$ 2,564</u>	<u>\$ 28,533</u>	<u>\$ 22,852</u>

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

	Covered Bridge	Cumulative Bridge	Cumulative Capital Development	Drug Free Community Fund	Emergency Planning/Right To Know	E911 Landline	Fire Arm Training
Cash and investments - beginning	\$ 47,198	\$ 566,976	\$ 397,605	\$ 54,589	\$ 9,235	\$ -	\$ 18,438
Receipts:							
Taxes	-	480,479	165,034	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	4,781	1,642	-	3,292	-	-
Charges for services	-	-	-	31,850	-	-	12,911
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	3,700	86,325	2,969	-	-	13	29
Total receipts	<u>3,700</u>	<u>571,585</u>	<u>169,645</u>	<u>31,850</u>	<u>3,292</u>	<u>13</u>	<u>12,940</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	283,236	-	-	-	-	-
Other services and charges	-	82,162	136,849	40,000	-	-	-
Capital outlay	-	-	57,026	-	-	-	-
Other disbursements	-	-	-	-	3,373	13	9,965
Total disbursements	<u>-</u>	<u>365,398</u>	<u>193,875</u>	<u>40,000</u>	<u>3,373</u>	<u>13</u>	<u>9,965</u>
Excess (deficiency) of receipts over disbursements	<u>3,700</u>	<u>206,187</u>	<u>(24,230)</u>	<u>(8,150)</u>	<u>(81)</u>	<u>-</u>	<u>2,975</u>
Cash and investments - ending	<u>\$ 50,898</u>	<u>\$ 773,163</u>	<u>\$ 373,375</u>	<u>\$ 46,439</u>	<u>\$ 9,154</u>	<u>\$ -</u>	<u>\$ 21,413</u>

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

	General Drain Improvement	Health	Co ld Protection (Recorder)	Levy Excess Fund County	Health Maintenance	Local Road And Street	Inmate Medical
Cash and investments - beginning	\$ 8,315	\$ 8,651	\$ 17,722	\$ 117,634	\$ 171,268	\$ 536,606	\$ 9,585
Receipts:							
Taxes	-	188,013	-	-	-	253,633	-
Licenses and permits	-	8,520	-	-	-	-	-
Intergovernmental	-	1,871	-	-	-	-	-
Charges for services	-	5,496	-	-	-	-	900
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	160,025	2,160	4,934	33,139	38,471	-
Total receipts	-	363,925	2,160	4,934	33,139	292,104	900
Disbursements:							
Personal services	-	196,184	-	-	41,361	-	-
Supplies	-	2,560	-	-	-	355,562	-
Other services and charges	-	3,579	8,060	-	-	-	-
Capital outlay	-	141	-	-	-	-	-
Other disbursements	-	160,000	-	122,568	-	-	-
Total disbursements	-	362,464	8,060	122,568	41,361	355,562	-
Excess (deficiency) of receipts over disbursements	-	1,461	(5,900)	(117,634)	(8,222)	(63,458)	900
Cash and investments - ending	\$ 8,315	\$ 10,112	\$ 11,822	\$ -	\$ 163,046	\$ 473,148	\$ 10,485

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

	County Misdemeanant	Highway	Plat Book Fees	Fr Co Economic Development	Rainy Day Fund	Reassessment 2006 / 2009	2017 Reassessment
Cash and investments - beginning	\$ 59,095	\$ 233,542	\$ 57,665	\$ 173,029	\$ 886,201	\$ 106,938	\$ 364,017
Receipts:							
Taxes	-	-	-	50,000	-	-	184,880
Licenses and permits	-	50	-	-	-	-	-
Intergovernmental	-	1,831,137	-	-	-	-	1,840
Charges for services	-	6,501	6,620	-	-	-	-
Fines and forfeits	-	65,000	-	-	-	-	-
Other receipts	14,626	53,496	-	-	203,712	2,375	157,076
Total receipts	14,626	1,956,184	6,620	50,000	203,712	2,375	343,796
Disbursements:							
Personal services	-	1,086,710	-	1,048	-	2,267	96,301
Supplies	2,316	314,692	-	43	-	-	3,785
Other services and charges	1,120	359,656	7,625	10,360	-	-	44,319
Capital outlay	13,938	5,922	-	126,346	-	-	2,680
Other disbursements	-	-	25	-	200,000	107,046	50,000
Total disbursements	17,374	1,766,980	7,650	137,797	200,000	109,313	197,085
Excess (deficiency) of receipts over disbursements	(2,748)	189,204	(1,030)	(87,797)	3,712	(106,938)	146,711
Cash and investments - ending	\$ 56,347	\$ 422,746	\$ 56,635	\$ 85,232	\$ 889,913	\$ -	\$ 510,728

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

	Recorders Records Perpetuation	Sex & Violent Offender Admin	Sheriff Service (Police Pension)	Supplemental Public Defender	Surplus Tax	Surveyors Corner Perpetuation	Tax Sale Redemption
Cash and investments - beginning	\$ 75,308	\$ -	\$ 14,612	\$ 3,742	\$ 13,287	\$ 26,114	\$ 5,712
Receipts:							
Taxes	-	-	-	-	52,184	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	35,760	-	-	-	-	4,521	-
Fines and forfeits	-	1,765	-	-	-	-	-
Other receipts	-	-	4,862	-	58	-	77,879
Total receipts	<u>35,760</u>	<u>1,765</u>	<u>4,862</u>	<u>-</u>	<u>52,242</u>	<u>4,521</u>	<u>77,879</u>
Disbursements:							
Personal services	-	-	-	-	-	4,930	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	1,188	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	16,425	1,665	-	-	26,724	-	78,577
Total disbursements	<u>16,425</u>	<u>1,665</u>	<u>-</u>	<u>-</u>	<u>26,724</u>	<u>6,118</u>	<u>78,577</u>
Excess (deficiency) of receipts over disbursements	<u>19,335</u>	<u>100</u>	<u>4,862</u>	<u>-</u>	<u>25,518</u>	<u>(1,597)</u>	<u>(698)</u>
Cash and investments - ending	<u>\$ 94,643</u>	<u>\$ 100</u>	<u>\$ 19,474</u>	<u>\$ 3,742</u>	<u>\$ 38,805</u>	<u>\$ 24,517</u>	<u>\$ 5,014</u>

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

	Tax Sale Surplus	Ind Local Health Dept Trust Ac	Guardian Ad Litem/Court User F	Election	Auditors Ineligible Deductions	Co Elected Officials Training	Park And Recreation
Cash and investments - beginning	\$ 257,860	\$ 30,967	\$ 3,605	\$ 29,518	\$ 26,945	\$ 3,094	\$ 26,972
Receipts:							
Taxes	336,100	-	-	-	-	-	108,181
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	1,039
Charges for services	-	-	-	-	-	-	50,440
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	8,703	-	-	10,318	2,160	50,024
Total receipts	<u>336,100</u>	<u>8,703</u>	<u>-</u>	<u>-</u>	<u>10,318</u>	<u>2,160</u>	<u>209,684</u>
Disbursements:							
Personal services	-	8,068	-	10,532	-	-	144,726
Supplies	-	71	-	1,838	-	-	11,266
Other services and charges	-	410	-	9,160	3,649	1,733	20,252
Capital outlay	-	2,582	-	-	25,104	-	-
Other disbursements	333,429	-	-	-	-	-	50,000
Total disbursements	<u>333,429</u>	<u>11,131</u>	<u>-</u>	<u>21,530</u>	<u>28,753</u>	<u>1,733</u>	<u>226,244</u>
Excess (deficiency) of receipts over disbursements	<u>2,671</u>	<u>(2,428)</u>	<u>-</u>	<u>(21,530)</u>	<u>(18,435)</u>	<u>427</u>	<u>(16,560)</u>
Cash and investments - ending	<u>\$ 260,531</u>	<u>\$ 28,539</u>	<u>\$ 3,605</u>	<u>\$ 7,988</u>	<u>\$ 8,510</u>	<u>\$ 3,521</u>	<u>\$ 10,412</u>

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

	Co Offender Transportation	Statewide 911	Supplemental Adult Probation S	Supplemental Juvenile Probation	Co Users Fee	Dare Ditch	Drainage Maintenance
Cash and investments - beginning	\$ 1,750	\$ 234,011	\$ 40,041	\$ 34,260	\$ 55,217	\$ 11,860	\$ 15,213
Receipts:							
Taxes	-	-	-	-	-	-	4,000
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	1,174	87,228	7,955	27,718	-	-
Fines and forfeits	-	-	19,356	465	-	-	-
Other receipts	1,250	397,289	-	-	4,788	23	-
Total receipts	<u>1,250</u>	<u>398,463</u>	<u>106,584</u>	<u>8,420</u>	<u>32,506</u>	<u>23</u>	<u>4,000</u>
Disbursements:							
Personal services	-	272,291	79,038	-	22,092	-	-
Supplies	-	-	738	-	3,690	-	-
Other services and charges	-	112,683	32,575	-	1,309	-	-
Capital outlay	-	1,537	5,001	-	4,413	-	-
Other disbursements	-	3,396	-	4	-	-	-
Total disbursements	<u>-</u>	<u>389,907</u>	<u>117,352</u>	<u>4</u>	<u>31,504</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>1,250</u>	<u>8,556</u>	<u>(10,768)</u>	<u>8,416</u>	<u>1,002</u>	<u>23</u>	<u>4,000</u>
Cash and investments - ending	<u>\$ 3,000</u>	<u>\$ 242,567</u>	<u>\$ 29,273</u>	<u>\$ 42,676</u>	<u>\$ 56,219</u>	<u>\$ 11,883</u>	<u>\$ 19,213</u>

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

	Waste Management & Recycling	Donations	Bond 2 Government Center	Health Self Insurance	Payroll Clearing Fund	Settlement	Commercial Vehicle Excise Tax
Cash and investments - beginning	\$ 20,768	\$ 7,126	\$ 185,708	\$ 1,894,792	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	459,589	-	981,478	14,334,633	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	12,199	-	4,573	-	-	820,217	88,859
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	2,311	-	1,864,348	533,037	-	-
Total receipts	<u>12,199</u>	<u>2,311</u>	<u>464,162</u>	<u>1,864,348</u>	<u>1,514,515</u>	<u>15,154,850</u>	<u>88,859</u>
Disbursements:							
Personal services	-	-	-	-	1,513,324	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	2,950	1,000	424,879	-	-	-	44,440
Capital outlay	2,178	-	-	-	-	-	-
Other disbursements	-	684	-	1,690,885	1,186	15,154,850	44,419
Total disbursements	<u>5,128</u>	<u>1,684</u>	<u>424,879</u>	<u>1,690,885</u>	<u>1,514,510</u>	<u>15,154,850</u>	<u>88,859</u>
Excess (deficiency) of receipts over disbursements	<u>7,071</u>	<u>627</u>	<u>39,283</u>	<u>173,463</u>	<u>5</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 27,839</u>	<u>\$ 7,753</u>	<u>\$ 224,991</u>	<u>\$ 2,068,255</u>	<u>\$ 5</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Sewage Fees	Financial Institutions Tax	HEA 1001-2008 State HSC	Fines And Forfeitures	Infractions And Judgments	Special Death Benefits	State Gen Fund Sales Disc
Cash and investments - beginning	\$ 17,622	\$ -	\$ 488	\$ 12,058	\$ 291	\$ 95	\$ 170
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	103,851	-	-	-	-	-
Charges for services	38,831	-	-	64,706	12,976	-	320
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	1,940	2,335
Total receipts	<u>38,831</u>	<u>103,851</u>	<u>-</u>	<u>64,706</u>	<u>12,976</u>	<u>1,940</u>	<u>2,655</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	17,622	103,851	-	65,755	11,899	1,835	2,325
Total disbursements	<u>17,622</u>	<u>103,851</u>	<u>-</u>	<u>65,755</u>	<u>11,899</u>	<u>1,835</u>	<u>2,325</u>
Excess (deficiency) of receipts over disbursements	<u>21,209</u>	<u>-</u>	<u>-</u>	<u>(1,049)</u>	<u>1,077</u>	<u>105</u>	<u>330</u>
Cash and investments - ending	<u>\$ 38,831</u>	<u>\$ -</u>	<u>\$ 488</u>	<u>\$ 11,009</u>	<u>\$ 1,368</u>	<u>\$ 200</u>	<u>\$ 500</u>

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

	Coroner Training Fund	Interstate Compact Fee	Mortgage Fee (Recorder)	DLGF Homestead Property Databa	Child Restraint System Violation	Forest Restoration	Inheritance Tax
Cash and investments - beginning	\$ 95	\$ -	\$ 303	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	137,000
Charges for services	1,034	-	-	-	-	-	-
Fines and forfeits	-	1,251	-	-	100	1,390	-
Other receipts	-	-	2,905	9	125	-	13,128
Total receipts	<u>1,034</u>	<u>1,251</u>	<u>2,905</u>	<u>9</u>	<u>225</u>	<u>1,390</u>	<u>150,128</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	963	813	2,840	9	225	1,187	130,588
Total disbursements	<u>963</u>	<u>813</u>	<u>2,840</u>	<u>9</u>	<u>225</u>	<u>1,187</u>	<u>130,588</u>
Excess (deficiency) of receipts over disbursements	<u>71</u>	<u>438</u>	<u>65</u>	<u>-</u>	<u>-</u>	<u>203</u>	<u>19,540</u>
Cash and investments - ending	<u>\$ 166</u>	<u>\$ 438</u>	<u>\$ 368</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 203</u>	<u>\$ 19,540</u>

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

	Education Plate Fees	Riverboat Wagering Tax Revenue	Innkeepers Tax	Prosecutor ARRA	Clerk ARRA	Co General IV-D Incentive	Title IV-D Prosecuting Attorney
Cash and investments - beginning	\$ -	\$ -	\$ 159,511	\$ 10,380	\$ 15,483	\$ 42,757	\$ 3,229
Receipts:							
Taxes	525	-	82,909	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	636,766	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	10,509	-
Total receipts	<u>525</u>	<u>636,766</u>	<u>82,909</u>	<u>-</u>	<u>-</u>	<u>10,509</u>	<u>-</u>
Disbursements:							
Personal services	-	-	-	9,306	-	-	-
Supplies	-	-	-	202	-	-	-
Other services and charges	-	-	-	-	-	7,700	-
Capital outlay	-	123,674	-	-	99	-	-
Other disbursements	525	513,092	71,934	-	-	-	313
Total disbursements	<u>525</u>	<u>636,766</u>	<u>71,934</u>	<u>9,508</u>	<u>99</u>	<u>7,700</u>	<u>313</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>10,975</u>	<u>(9,508)</u>	<u>(99)</u>	<u>2,809</u>	<u>(313)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 170,486</u>	<u>\$ 872</u>	<u>\$ 15,384</u>	<u>\$ 45,566</u>	<u>\$ 2,916</u>

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

	Title IV-D Pros. At.10/1/99	Title IV-D County Clerk Incent	Title IV-D Clerk 10/1/99	car1-after settlement collections	car1 - Court Trust Account	car1 - ISETS clerk	car1 - Inmate Trust
Cash and investments - beginning	\$ 28,855	\$ 5	\$ 15,722	\$ 249,905	\$ 319,816	\$ 4,308	\$ 2,443
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	586,472	-	-	20,694
Fines and forfeits	-	-	-	-	1,309,399	330,992	-
Other receipts	16,152	-	10,510	-	-	-	-
Total receipts	16,152	-	10,510	586,472	1,309,399	330,992	20,694
Disbursements:							
Personal services	2,683	-	6,509	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	2,067	-	2,300	249,905	1,524,439	334,000	21,594
Total disbursements	4,750	-	8,809	249,905	1,524,439	334,000	21,594
Excess (deficiency) of receipts over disbursements	11,402	-	1,701	336,567	(215,040)	(3,008)	(900)
Cash and investments - ending	\$ 40,257	\$ 5	\$ 17,423	\$ 586,472	\$ 104,776	\$ 1,300	\$ 1,543

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

	car1 - Sheriff Commissary Fund	Pandemic Influenza	Local Public Health Coordinator	Cholesterol	Park Nonreverting	Tower Maintenance	Flu Vac
Cash and investments - beginning	\$ 32,161	\$ 2,000	\$ 2,217	\$ 27	\$ 11,474	\$ 18,087	\$ 14,539
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	23,744	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	32	4,104	100
Total receipts	<u>23,744</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>32</u>	<u>4,104</u>	<u>100</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	2,000	344	-	-	-	-
Capital outlay	-	-	130	-	-	-	-
Other disbursements	27,382	-	-	-	-	-	212
Total disbursements	<u>27,382</u>	<u>2,000</u>	<u>474</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>212</u>
Excess (deficiency) of receipts over disbursements	<u>(3,638)</u>	<u>(2,000)</u>	<u>(474)</u>	<u>-</u>	<u>32</u>	<u>4,104</u>	<u>(112)</u>
Cash and investments - ending	<u>\$ 28,523</u>	<u>\$ -</u>	<u>\$ 1,743</u>	<u>\$ 27</u>	<u>\$ 11,506</u>	<u>\$ 22,191</u>	<u>\$ 14,427</u>

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

	Radio E 911	Vaccine	Gov't Building Renovations	Historic Metamora	Commissioner Certificate Sale	Rex Road Repairs	Fr Co Law Enforcement Fund
Cash and investments - beginning	\$ 890	\$ 5,010	\$ 25	\$ 665	\$ 4,083	\$ 189,756	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	114,728
Other receipts	-	6,989	-	-	-	192	-
Total receipts	-	6,989	-	-	-	192	114,728
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	30,283	5,364
Other services and charges	-	-	-	-	-	24,626	4,182
Capital outlay	-	-	-	-	-	-	38,155
Other disbursements	-	582	-	665	-	-	-
Total disbursements	-	582	-	665	-	54,909	47,701
Excess (deficiency) of receipts over disbursements	-	6,407	-	(665)	-	(54,717)	67,027
Cash and investments - ending	<u>\$ 890</u>	<u>\$ 11,417</u>	<u>\$ 25</u>	<u>\$ -</u>	<u>\$ 4,083</u>	<u>\$ 135,039</u>	<u>\$ 67,027</u>

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

	Records Check Fee Sheriff	Surplus Dog	Co Law Enforcement Continuing	Law Enf Continuing Ed	IN Home Detention	Choices/ Saturday Program	Deferral Program
Cash and investments - beginning	\$ 600	\$ 308	\$ 1,940	\$ 13,770	\$ 22,235	\$ 3,576	\$ 38,524
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	3,311	5,921	622	2,970
Fines and forfeits	-	-	-	-	1,885	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	3,311	7,806	622	2,970
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	2,088	-	-
Capital outlay	-	-	-	-	-	500	-
Other disbursements	-	-	1,907	2,984	-	-	-
Total disbursements	-	-	1,907	2,984	2,088	500	-
Excess (deficiency) of receipts over disbursements	-	-	(1,907)	327	5,718	122	2,970
Cash and investments - ending	<u>\$ 600</u>	<u>\$ 308</u>	<u>\$ 33</u>	<u>\$ 14,097</u>	<u>\$ 27,953</u>	<u>\$ 3,698</u>	<u>\$ 41,494</u>

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

	Final HEA 1001-2007 PTRC & HSC	Cagit	Edit Tax	Operation Pullover	Open Alcohol Bev 6/27-7/13/03	Stayin' Alive DUI	Open GIS WFS Grant
Cash and investments - beginning	\$ 13	\$ -	\$ -	\$ 2,880	\$ 1,031	\$ 3,337	\$ (1,000)
Receipts:							
Taxes	-	4,301,484	1,079,475	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	48	-	-	13,902	-	9,999	2,250
Total receipts	48	4,301,484	1,079,475	13,902	-	9,999	2,250
Disbursements:							
Personal services	-	-	-	12,839	-	6,318	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	3,766	-	-	-
Other disbursements	48	4,301,484	1,079,475	-	-	-	-
Total disbursements	48	4,301,484	1,079,475	16,605	-	6,318	-
Excess (deficiency) of receipts over disbursements	-	-	-	(2,703)	-	3,681	2,250
Cash and investments - ending	\$ 13	\$ -	\$ -	\$ 177	\$ 1,031	\$ 7,018	\$ 1,250

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

	Public Mass Transportation	Victim Assistance	MRC Federal (Health)	EMA Performance Grant	Marijuana Eradication	PHC Base/CRI Public Health Coo
Cash and investments - beginning	\$ -	\$ 22	\$ 4,822	\$ -	\$ 18	\$ (8,600)
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	13,121	-	43,441
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	312,621	-	-	-	-	-
Total receipts	312,621	-	-	13,121	-	43,441
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	1,758
Other services and charges	-	-	584	-	-	20,586
Capital outlay	-	-	-	3,991	-	12,497
Other disbursements	312,621	-	-	-	-	-
Total disbursements	312,621	-	584	3,991	-	34,841
Excess (deficiency) of receipts over disbursements	-	-	(584)	9,130	-	8,600
Cash and investments - ending	\$ -	\$ 22	\$ 4,238	\$ 9,130	\$ 18	\$ -

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

	PHC Base/CRI Public Health Coo	Teppco G.P. / EMA	Park Grants	Hautau	Public Health Syst Quality Imp	Landscaping Grant Bville Found
Cash and investments - beginning	\$ -	\$ 986	\$ 1	\$ -	\$ 401	\$ 100
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	100,000	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	-	-	-	100,000	-	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	90	-	-	-	-	-
Other services and charges	5,546	295	-	-	125	-
Capital outlay	-	-	-	100,000	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	5,636	295	-	100,000	125	-
Excess (deficiency) of receipts over disbursements	(5,636)	(295)	-	-	(125)	-
Cash and investments - ending	\$ (5,636)	\$ 691	\$ 1	\$ -	\$ 276	\$ 100

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

	Health Dept Grant Bville Found	GAL/CASA Grant	Bio-Terrorism	Marine Patrol Grant	MRC State (Health)	Bulletproof Vest Program
Cash and investments - beginning	\$ 651	\$ -	\$ 2,144	\$ 1,458	\$ (1,056)	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	630	2,386	-	-	4,954	1,920
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>630</u>	<u>2,386</u>	<u>-</u>	<u>-</u>	<u>4,954</u>	<u>1,920</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	83	-	-	-	-	-
Other services and charges	-	-	-	-	3,898	-
Capital outlay	1,198	-	900	-	-	1,890
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>1,281</u>	<u>-</u>	<u>900</u>	<u>-</u>	<u>3,898</u>	<u>1,890</u>
Excess (deficiency) of receipts over disbursements	<u>(651)</u>	<u>2,386</u>	<u>(900)</u>	<u>-</u>	<u>1,056</u>	<u>30</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 2,386</u>	<u>\$ 1,244</u>	<u>\$ 1,458</u>	<u>\$ -</u>	<u>\$ 30</u>

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

	R1 Ind Nat Dist Grant	Park Playground Donation	EMA Duke Energy Grant	WW Valley REMC Sheriff Grant	EMA Weather Radios	Totals
Cash and investments - beginning	\$ 1,401	\$ 1,751	\$ 22	\$ 576	\$ 3	\$ 9,835,500
Receipts:						
Taxes	-	-	-	-	-	28,239,166
Licenses and permits	-	-	-	-	-	42,733
Intergovernmental	-	-	-	-	-	3,867,978
Charges for services	-	-	-	-	-	1,286,638
Fines and forfeits	-	-	-	-	-	1,850,026
Other receipts	-	-	-	-	-	5,283,732
Total receipts	-	-	-	-	-	40,570,273
Disbursements:						
Personal services	-	-	-	-	-	7,340,582
Supplies	-	-	-	-	-	1,982,355
Other services and charges	-	-	22	-	3	2,961,376
Capital outlay	-	-	-	576	-	821,055
Other disbursements	-	-	-	-	-	27,123,779
Total disbursements	-	-	22	576	3	40,229,147
Excess (deficiency) of receipts over disbursements	-	-	(22)	(576)	(3)	341,126
Cash and investments - ending	\$ 1,401	\$ 1,751	\$ -	\$ -	\$ -	\$ 10,176,626

FRANKLIN 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>\$ 606,459</u>	<u>\$ -</u>

FRANKLIN COUNTY
 SCHEDULE OF LEASES AND DEBT
 December 31, 2013

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Government Center/Courthouse Renovations	\$ 2,795,000	\$ 424,090
Notes and loans payable	Highway/Dozer & Excavator	<u>150,792</u>	<u>53,774</u>
Totals		<u>\$ 2,945,792</u>	<u>\$ 477,864</u>

FRANKLIN 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	\$ 41,800
Infrastructure	211,485,568
Buildings	13,714,773
Improvements other than buildings	119,807
Machinery, equipment, and vehicles	4,625,684
Total capital assets	\$ 229,987,632

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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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 FRANKLIN COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited Franklin 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 Adverse Opinion on Formula Grants for Rural Areas

As described in item 2013-004 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding subrecipient monitoring that are applicable to its Formula Grants for Rural Areas program. 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)

Adverse Opinion on Formula Grants for Rural Areas

In our opinion, because of the significance of the noncompliance described in the *Basis for Adverse Opinion* paragraph, the County did not comply in all material respects, with the requirements referred to above that could have a direct and material effect on Formula Grants for Rural Areas for the year ended December 31, 2013.

Unmodified Opinion on the Other Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs 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 item 2013-003 to be material weaknesses.

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.

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

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 4, 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.

FRANKLIN 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 Justice</u>				
Bulletproof Vest Partnership Program Bulletproof Vest Program	Direct Grant	16.607	2013	\$ 1,920
Total - Department of Justice				<u>1,920</u>
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster Highway Planning and Construction Bridge Inspections	Indiana Department of Transportation	20.205	Des 1000025	<u>81,588</u>
Total - Highway Planning and Construction Cluster				<u>81,588</u>
Highway Safety Cluster Alcohol Impaired Driving Countermeasures Incentive Grants I Operation Pullover	Indiana Criminal Justice Institute	20.601	032NHSTA4052013	<u>13,903</u>
Total - Highway Safety Cluster				<u>13,903</u>
Formula Grants for Rural Areas Public Transportation	Indiana Department of Transportation	20.509	A249-13-320279	<u>178,276</u>
Total - Department of Transportation				<u>273,767</u>
<u>Department of Health and Human Services</u>				
Emergency System for Advance Registration of Volunteer Health Professionals MRC Federal Health	Indiana State Department of Health	93.089	5 ESREP 100014	<u>4,953</u>
Public Health Emergency Preparedness Local Public Health Co-ordinator	Indiana State Department of Health	93.069	2U90TP517024-11	<u>8,091</u>
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements PHC Base/CRI Public Health Coordinator	Indiana State Department of Health	93.074	1U90TP000521	<u>35,350</u>
Child Support Enforcement Clerk Direct Expenditures Clerk Incentive Prosecutors Incentive GEN Fund Collection Incentives Indirect Costs Prosecutor Direct Expenditures	Indiana Department of Child Services	93.563	2013 2013 2013 2013 2013 2013	40,704 8,908 14,572 7,700 38,428 <u>54,374</u>
Total - Child Support Enforcement				<u>164,686</u>
Total - Department of Health and Human Services				<u>213,080</u>
<u>Department of Homeland Security</u>				
Emergency Management Performance Grants EMA Performance Grant	Indiana Department of Homeland Security	97.042	C44P-1-112A	<u>13,121</u>
Total - Department of Homeland Security				<u>13,121</u>
Total federal awards expended				<u>\$ 501,888</u>

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

FRANKLIN 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
Formula Grants for Rural Areas	20.509	\$ 178,276

FRANKLIN 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:	Highway Planning and Construction Cluster - Unmodified; Formula Grants for Rural Areas - Adverse
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
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

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.

FRANKLIN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

During the audit of the SEFA, we noted the following errors: (a) the schedule included the state portion of the Formula Grants for Rural Areas program (CDFA #20.509) which resulted in an overstatement of \$134,345; (b) the Alcohol Impaired Driving Countermeasures Incentive Grants I Program (CFDA #20.601) was overstated by \$2,706; (c) the Emergency System for Advance Registration of Volunteer Health Professionals Program (CFDA #93.089) was understated by \$4,953; (d) the Public Health Emergency Preparedness Program (CDFA #93.069) was understated by \$8,091; (e) the Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements Program (CFDA #93.074) was overstated by \$8,091; (f) the Child Support Enforcement Program (CDFA #93.563) was overstated by \$5,654. Audit adjustments 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.
- (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.

FRANKLIN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (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

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

1. County Treasurer's Office - Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the County Treasurer's Office to reduce risks to the achievement of financial reporting objectives. The Treasurer has not separated incompatible activities related to receipts and cash and investment balances. The person that performs bank reconcilements also collects receipts and makes the bank deposits. No other person reviews the bank reconcilements. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.
2. County Clerk of the Circuit Court's Office - Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the County Clerk of the Circuit Court's Office to reduce risks to the achievement of financial reporting objectives. The County Clerk of the Circuit Court has not separated incompatible activities related to receipts and cash and investment balances. The person that performs bank reconcilements also collects receipts and makes the bank deposits. No other person reviews the bank reconcilements. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.
3. County Clerk of the Circuit Court's Office - We noted a deficiency in the internal control system of the County Clerk of the Circuit Court's Office related to financial transactions and reporting. The County Clerk of the Circuit Court has not established controls to ensure an accurate Supplemental County Annual Report (CAR-1) is prepared. The County Clerk of the Circuit Court is required to submit a completed CAR-1 report to the County Auditor's Office in order for the County Auditor's Office to include the County Clerk of the Circuit Court's financial information in the County's Annual Report. Financial information from the County's Annual Report was used to compile the financial statement. The County Clerk of the Circuit Court's CAR-1 for 2013 did not agree with the County Clerk of the Circuit Court's records. Receipts reported on the County Clerk of the Circuit Court's CAR-1 were overstated by \$584,997, disbursements were understated by \$39,635, and the cash balance at December 31, 2013, was overstated by \$624,632. Audit adjustments were proposed and accepted by the County.

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.

FRANKLIN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 Treasurers of Indiana, Chapter 10) (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapter 13)

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."

Section III - Federal Award Findings and Questioned Costs

FINDING 2013-003 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO FORMULA GRANTS FOR RURAL AREAS

Federal Agency: Department of Transportation

Federal Program: Formula Grants for Rural Areas

CFDA Number: 20.509

Federal Award Number and Year (or Other Identifying Number): A249-13-320279, 2013

Pass-Through Entity: Indiana Department of Transportation

Management of the County has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and compliance requirements that have a direct and material effect to the program. This includes the following compliance requirements: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Eligibility; Procurement, Suspension, and Debarment; Reporting; and Subrecipient Monitoring. The failure to establish an effective internal control system places the County at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

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."

FRANKLIN 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.

FINDING 2013-004 - SUBRECIPIENT MONITORING

Federal Agency: Department of Transportation

Federal Program: Formula Grants for Rural Areas

CFDA Number: 20.509

Federal Award Number and Year (or Other Identifying Number): A249-13-320279, 2013

Pass-Through Entity: Indiana Department of Transportation

The County received a federal award to provide services for public transportation and subsequently passed through the entire federal award to Franklin County Public Transportation to provide transportation services to the general public in and around Franklin County. The County could not provide any documentation that the expenditure of those funds was monitored. The County did not have procedures in place to monitor the reports compiled by Franklin County Public Transportation, nor did they complete any onsite visits or regular meetings with the Franklin County Public Transportation officials.

Due to the lack of procedures and the lack of monitoring, the County could not ensure that the federal awards had been used in compliance with laws, regulations, and the provisions of the grant agreement. Any misuse of the federal funds by the Franklin County Public Transportation would not have been detected by the County.

OMB Circular A-133__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 laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved."

We recommended that the County develop and implement a formal subrecipient monitoring plan to ensure that funds passed through to subrecipients are appropriately monitored.

AUDITEE PREPARED DOCUMENTS

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

FRANKLIN COUNTY AUDITOR

Stephen Brack

1010 Franklin Ave.

Brookville, IN 47012

auditor@franklincounty.in.gov

(765) 647-4631

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding 2012-1 – INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO FORMUOLA GRANTS FOR OTHER THAN ORBANIZED AREAS

Original SBA Audit report Number: B43203

Fiscal year: 2012

Auditee Contact Person: Stephen Brack

Title of Contact Person: County Auditor

Phone Number: 765-647-4631

Status of Finding: Met with the Director of Public Transportation and discussed the lack of internal controls and the need to make sure grant agreements and contracts are monitored.

We established that a meeting would be held quarterly to check to make sure proper procedures are followed.

FINDING 2012-2 – SUBRECIPIENT MONITORING

Original SBA Audit report Number: B43203

Fiscal Year: 2012

Auditee Contact person: Stephen Brack

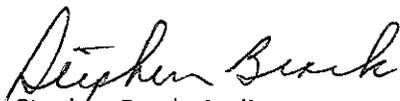
Title of Contact person – County Auditor

Phone Number – 765-647-4631

Status of Finding: a quarterly meeting is setup between the County Auditor and the Director of Public Transportation to implement a monitoring plan. During the meeting bank statements are checked to make sure we have a checks and balance.

It was advised that the Director should make deposits and pickup receipts as well.

Very truly yours,



Stephen Brack, Auditor

Franklin County

FRANKLIN COUNTY AUDITOR

Stephen Brack

1010 Franklin Ave.

Brookville, IN 47012

auditor@franklincounty.in.gov

(765) 647-4631

CORRECTIVE ACTION PLAN

FINDING 2013-001 – PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL WARDS.

Contact Person responsible for Corrective Action – Stephen Brack

Contact Phone Number: 765-647-4631

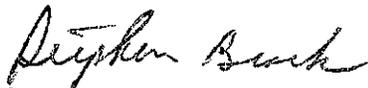
Description of Corrective Action Plan:

- A) It was not known that the receipts should be broken down between State and Federal. We would quietus in the full amount.
- B) Operation Pull-Over – additional appropriation amounts as opposed to using the receipt amount.
- C) ESAR – not sure – what is CDFA#
- D) 93.069 – this was an old number
- E) 93.074 – new number for Andrew Nauman
- F) Not sure if correction needs to be made.

Once we see the remittance notice then the money is quietus in per instruction. A spread sheet is maintained for receipts and expenditures in monitoring child support distribution.

We have a schedule that is followed for expenditures of Federal Awards.

Very truly yours,



Stephen Brack, Auditor

Franklin County

11-10-14

KARLA J. BAUMAN
FRANKLIN CIRCUIT COURT CLERK
459 MAIN STREET
BROOKVILLE, INDIANA 47012
765-647-5111

CORRECTIVE ACTION PLAN

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

Contact Person Responsible for Corrective Action: Karla J. Bauman
Contact Phone Number: (765) 647-5111

Description of Corrective Action Plan:

The procedures presently implemented in the Franklin Circuit Court Clerk's office are the same procedures that have been in place for over 20 years. The County has never provided the Clerk with a deputy to perform the bookkeeping duties, therefore, it is the Clerk who has assumed the responsibility of making sure those duties are performed on a daily and monthly basis. Presently in each office (civil and criminal) a deputy counts and makes sure their till is accurate and balances each evening and then the Clerk, recounts the money, makes sure the till is in balance and then marks the till reconciled. All sums counted must match the report produced in Odyssey. The combined tills are then marked in the system for deposit. The deposited amount is then compared to the Receipt total report and the Receipt total shown on the Daily Cash Balance Report. Deposit slips are written and money taken to the bank. The Clerk and first deputy both have user rights to disburse checks. The Clerk and first deputy are the only two in the Clerk's office that have user rights to access the financial side in Odyssey. When Odyssey was first implemented in Franklin County, it was Odyssey who recommended limiting the number of deputies who had user rights to the financial side. Without having a bookkeeping deputy, it is the Clerk who is responsible for reconciling the monthly financial bank statement (trust account) and completing the End of Month report that is filed with Auditor, Commissioners and State Board of Accounts. This Clerk has also picked up the duty of entering civil garnishment checks as a result of seeing checks lay on the desk for two weeks without being entered.

The current procedures for entering receipts (cash and checks) will remain the same, with the exception this Clerk will not be entering any receipts into the system. The entering of garnishment checks has been assigned to another deputy. The nightly routine of a deputy in each office counting the money and balancing their till will remain the same, with the deputy now signing the report so there is a record of who actually counted the money. The Clerk or first deputy will recount, reconcile and export the deposit within Odyssey and will initial the same. The Clerk or first deputy will print out all daily reports. After depositing the money with the bank, the deposit slip will be copied onto the Deposited Transaction Report and signed off by the Clerk or First Deputy, depending on who actually made the deposit. The Clerk or first deputy will continue to be the only two with user rights to disburse checks. The Clerk will continue to reconcile the bank statements monthly and generate the End of Month Report. If the County feels this Clerk should not be the one to reconcile or generate the end of month report, they should provide the Clerk with a bookkeeper to

In regards to the misstatement of receipts and disbursements for the 2013 Supplemental CAR-1, the Clerk in error used the 2012 figures for the receipts. Also, the Clerk's office converted to the State's Case Management System (Odyssey) on December 9, 2013. At the time the Supplemental CAR-1 was prepared, the Clerk was not familiar enough with the new system to generate the correct report needed to get this information. The Clerk used the wrong report for both receipts and disbursements for December

9, 2013 thru December 31, 2013. An annual accounting report from the Daily Cash Balance report will be used for the information provided on all future Supplemental CAR-1 filings.

Anticipated Completion Date: November 1, 2014

Kareg. Baumer
(Signature)

Franklin Circuit Court Clerk
(Title)

11-10-14
(Date)

Franklin County Treasurer

Veronica Voelker

1010 Franklin Ave.
Brookville, Indiana 47012
treasurer@franklincounty.in.gov
Work: 765-647-5121
Fax: 765-647-0437

CORRECTIVE ACTION PLAN

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

Contact Person Responsible for Corrective Action: Veronica Voelker
Contact Phone Number: (765) 647-5121

Description of Corrective Action Plan:

The procedures that are implemented in the Franklin County Treasurer's Office are the same procedures that have been in place for some time. There is a First Deputy and Treasurer that share the responsibility and duties of balancing, receipts and bank deposits. Presently in our office one person balances the drawer and does the bank deposit. The second person verifies the bank deposit is correct before taking to the Financial Institution. Due to the limited staff, all office functions are shared. At this time we have no plans to change our office procedures.

Anticipated Completion Date: 12/1/14

Veronica Voelker
(Signature)

Franklin Co. Treasurer
(Title)

11/17/14
(Date)

FRANKLIN COUNTY AUDITOR

Stephen Brack

1010 Franklin Ave.

Brookville, IN 47012

auditor@franklincounty.in.gov

(765) 647-4631

CORRECTIVE ACTION PLAN

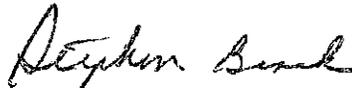
FINDING 2013-003 – INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO FORMULA GRANTS FOR RURAL AREAS

Contact Person Responsible for Corrective Action: Stephen Brack
Contact Phone Number 765-647-4631

Internal Controls have been established to assure grant funds are spent correctly.

The Auditor makes quarterly visits to the office of the Director of Public Transportation. Recommendations have been made to safeguard as well.

Very truly yours,



Stephen Brack, Auditor

Franklin County

11-10-14

FRANKLIN COUNTY AUDITOR

Stephen Brack

1010 Franklin Ave.

Brookville, IN 47012

auditor@franklincounty.in.gov

(765) 647-4631

CORRECTIVE ACTION PLAN

FINDING 2013-004 – SUBRECIPIENT MONITORING

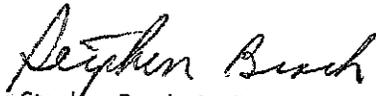
Contact Person Responsible for Corrective Action: Stephen Brack

Contact Phone Number 765-647-4631

Internal Controls have been established to assure grant funds are spent correctly.

The Auditor makes quarterly visits to the office of the Director of Public Transportation. Recommendations have been made to safeguard taking money to the bank and picking up receipts and deposit bags..

Very truly yours,



Stephen Brack, Auditor

Franklin County

11-10-14

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/>.