

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

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



FILED
03/06/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Brenda S. Howard	01-01-11 to 12-31-18
County Treasurer	Beth E. Swalls	01-01-13 to 12-31-16
Clerk of the Circuit Court	Peggy Goodman	01-01-11 to 12-31-18
County Sheriff	Bryan L. Kinnett Clark Cottom	01-01-11 to 12-31-14 01-01-15 to 12-31-18
County Recorder	Shelly Hiatt Paris	01-01-11 to 12-31-18
President of the Board of County Commissioners	Ray McCammon	01-01-13 to 12-31-15
President of the County Council	Duane Wampler	01-01-13 to 12-31-15



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF SULLIVAN COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of Sullivan 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 January 8, 2015, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Accompanying Information

Supplementary Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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


Paul D. Joyce, CPA
State Examiner

January 8, 2015



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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 SULLIVAN 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 Sullivan 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 January 8, 2015, wherein we noted the County followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

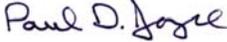
As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

Sullivan County's Response to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

January 8, 2015

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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.

SULLIVAN 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	\$ 1,929,278	\$ 6,705,229	\$ 6,333,416	\$ 2,301,091
Accident Report	10,533	555	-	11,088
Aviation	89,594	119,527	142,689	66,432
Superior Court Bail Bond	80,160	4,830	45,842	39,148
Aviation Construction	6,346	37,035	19,604	23,777
County CEDIT	491,463	636,714	469,189	658,988
CEDIT Distribution	583	1,045,492	1,045,570	505
City & Town Court Costs	5,059	5,758	-	10,817
Clerk Record Perpetuation	15,686	7,900	4,920	18,666
Congressional School Interest	9,825	-	-	9,825
Congressional School Principal	15,869	-	-	15,869
Tourism	64,448	50,716	22,963	92,201
Sales Disclosure	495	14,291	3,633	11,153
Cumulative Bridge	431,061	490,052	403,153	517,960
Corp. Cum'l. Capital Development	719	12,210	12,211	718
Drug Free Community	26,912	11,681	30,081	8,512
Ambulance	84,629	861,296	858,508	87,417
LEPC/Emerg. Plan./Right to Know	16,698	-	2,235	14,463
Enhanced Access - Recorder	-	3,737	-	3,737
Firearm's Training	21,483	17,100	4,029	34,554
Health	41,184	114,301	116,852	38,633
County ID Protection Fund	49,247	2,056	-	51,303
Local Health Maintenance	70,917	41,417	30,454	81,880
Local Road & Street	62,487	254,248	256,390	60,345
County Misdemeanant	32,599	13,898	211	46,286
Highway	1,875,911	2,779,952	3,560,038	1,095,825
Park Non Reverting Operating	175,235	67,129	60,349	182,015
Rainy Day Fund	824,812	115,197	115,303	824,706
2015 Reassessment	82,842	198,105	222,722	58,225
Recorder Perpetuation	95,247	42,383	50,975	86,655
Sex & Violent Offender Fund	9,929	1,975	2,554	9,350
Supplemental Public Defender	71,459	1	-	71,460
Surplus Tax	54,239	18,330	18,100	54,469
Surveyor Perpetuation	14,482	4,765	-	19,247
Tax Sale Redemption	5,465	81,240	85,942	763
2011 Tax Sale Surplus	-	47,043	2,601	44,442
IN Local Health Dept Trust Fund	92,379	-	-	92,379
Vehicle Inspection	8,256	-	-	8,256
911 Wireless	(24,998)	24,998	-	-
E911	24,998	-	24,998	-
CASA Court App Sp Advocate	1	-	-	1
Park & Recreation	385,598	930,124	847,828	467,894
SC Statewide 911	327,254	317,360	186,874	457,740
Adult Probation Services	79,096	21,908	43,800	57,204
Probation Administration Fee	37,055	17,762	3,631	51,186
Shelburn Nuisance Liens & Fees	-	7,017	7,017	-
E W House	-	290,838	290,838	-
Aviation Donation	712	12,799	12,359	1,152
Allocation Fund	68,636	128,560	83,912	113,284
Payroll	61,591	1,295,786	1,320,258	37,119
Health Benefits	2,829,967	2,205,046	1,935,939	3,099,074
Police Pension Trust Fund	4,932	14,192	11,635	7,489
School Debt	-	14,752,486	14,752,486	-
Wheel Tax	-	107,174	107,174	-
Surtax	-	345,832	345,832	-
Commercial Vehicle Excise CVET	-	117,868	117,868	-
State's Share of Del Tax/Pen	5	-	5	-
Shelburn Sewer Liens	105	1,916	461	1,560
Financial Institution	-	111,775	111,775	-
HEA 1001 STATE HSC 2008 DISTR	(1)	8,445	-	8,444
Homestead Credit Rebate	53	-	-	53
State Fines & Forfeitures	963	6,933	6,529	1,367
Infraction Judgements	3,328	22,469	22,363	3,434
Overweight Vehicle Fines	15	2,750	2,101	664
Sales Disclosure - State Share	-	2,583	1,993	590
Coroner Perpetuation	170	2,087	1,889	368
Mortgage Fee / State	490	1,780	1,878	392
Operation Pull Over	137	2,387	2,387	137
Child Restraint Violation	50	325	350	25
Inheritance Tax	82,570	659,921	716,343	26,148
Education Plate	339	319	471	187
Riverboat Revenue Sharing	-	127,216	127,216	-
93.563 ARRA Prosecutor IV-D In	793	-	-	793
93.563 ARRA Clerk IV-D Incenti	2,090	-	2,090	-

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

SULLIVAN 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
93.563 County IV-D Incentive	23,234	12,850	-	36,084
93.563 Prosecu IV-D Prior10/99	9,842	-	-	9,842
93.563 Prosec. IV-D POST 10/99	90,643	24,758	17,059	98,342
93.563 Clerk IV-D POST 10/99	27,581	12,850	27,557	12,874
After Settlement Collections	446,085	211,032	446,085	211,032
Jail Commissary Fund	8,573	116,006	106,306	18,273
Clerk Trust	209,121	1,414,137	1,398,062	225,196
Sheriff's Inmate	11,112	120,701	127,053	4,760
Landfill Closure Trust	414,594	265,426	249,213	430,807
Clerk Support	3,019	369,894	371,499	1,414
Clerk D109I189	121,795	-	-	121,795
Clerk D112PL524	-	100,000	-	100,000
User fee	65,333	296	1,504	64,125
Pre-Trial	(1)	9,545	9,025	519
Jury Fees	21,409	2,188	-	23,597
Road Closure	27,000	-	-	27,000
Utility Easement Fee	2,090	2,987	-	5,077
Common School	3,008	-	1	3,007
Infraction Deferral	6,797	47,643	48,372	6,068
2010 Tax Sale Surplus	24,966	-	-	24,966
2012 Tax Sale Surplus	123,323	-	64,769	58,554
U.S. Specialty Ins. Co. Fund	1,798	-	-	1,798
48 Road Utility Agreement	125,900	-	-	125,900
2013 Tax Sale Surplus	-	73,490	19,352	54,138
Redevelopment Commission	4,197	-	1,085	3,112
Law Enforcement Fund	105,600	100	3,256	102,444
Highway 54	926,273	15,355	-	941,628
Veteran Van Donation	354	10,500	10,854	-
Ambulance Donation Fund	3,308	-	-	3,308
Extension Relocation Donation	-	200	-	200
Cemetery Commiss. Donation Fund	50	-	-	50
Juvenile Probation Service	9,182	3,631	3,042	9,771
Hymera Sewer Liens & Fees	62	1,159	1,159	62
Sullivan Nuisance Liens & Fees	561	4,127	4,067	621
Law Enforcement Continuing Ed	2,224	1	-	2,225
Utilities Fee - Mines	147,506	-	-	147,506
Library	(1)	1,146,455	1,146,454	-
Township Assistance	(1)	138,776	138,775	-
Motor Vehicle Hwy	(1)	53,457	53,456	-
Shelburn Storm Water Liens	377	4,239	4,104	512
School Capital Project	(1)	1	-	-
Victim Advocacy	(6,431)	22,823	24,437	(8,045)
Transportation	4,380	-	-	4,380
Co. Comm. EMA -Radio Fund	-	8,590	-	8,590
ADR	4,235	3,853	8,088	-
Elected Official Training DOT	2,437	2,056	-	4,493
Circuit Court Bail Bond	10,274	3,180	400	13,054
Sale of County Owned Property	25,162	-	-	25,162
Regional Service Council Fund	6,430	13,371	18,826	975
SC Drug & Alcohol Edu. Fund	-	1,300	1,055	245
Smithville Grant - Court	-	23,000	-	23,000
Grant Com Emer Man Planning	1,016	-	-	1,016
Com Emer Response Team Sub	2,531	-	-	2,531
Election Non Reverting Sec 102	1,194	-	-	1,194
Grant Homeland Security	6,500	4,054	10,445	109
Grant Energy Area 2 (Round 1)	3,315	-	-	3,315
Aviation Rotary	36,069	123,610	112,836	46,843
Grant H1-N1	7,019	-	-	7,019
Drug Interdiction	8,044	936	-	8,980
Drug Interdiction Fund	300	-	300	-
Grant Methamphetamine Mini	1,496	-	-	1,496
Grant Pandemic Assessment	1,889	-	-	1,889
Grant BioTerrorism Prepare/Resp	13,424	20,000	28,278	5,146
Sullivan Co Community Foundati	365	-	-	365
Grant Indiana Youth Aviaiton	1,500	-	-	1,500
Community Corrections - Grant	18,315	145,947	160,329	3,933
Comm. Corr. Project Income	2,311	12,114	14,424	1
Comm. Corr. - CTP	9,550	12,460	12,000	10,010
Family Court Project Grant	-	15,000	14,791	209
PublicHealth Prepar Bonus Gran	-	10,000	10,000	-
Totals	\$ 13,881,717	\$ 39,930,917	\$ 39,679,152	\$ 14,133,482

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

SULLIVAN 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.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax

SULLIVAN COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

SULLIVAN 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.

SULLIVAN COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. 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.

B. 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

SULLIVAN COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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 one fund with a deficit balance. The Victim Advocacy fund has a deficit balance as a result of this fund being a reimbursable grant. The reimbursements for expenditures from this fund were not received by December 31, 2013.

Note 8. Restatement of County Offices

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

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.

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

	General	Accident Report	Aviation	Superior Court Bail Bond	Aviation Construction	County CEDIT	CEDIT Distribution
Cash and investments - beginning	\$ 1,929,278	\$ 10,533	\$ 89,594	\$ 80,160	\$ 6,346	\$ 491,463	\$ 583
Receipts:							
Taxes	5,330,655	-	71,860	-	-	596,057	1,045,492
Licenses and permits	83	-	-	-	-	-	-
Intergovernmental	462,122	-	5,924	-	-	-	-
Charges for services	230,451	555	18,685	-	13,963	-	-
Fines and forfeits	123,667	-	23,058	4,830	-	-	-
Other receipts	558,251	-	-	-	23,072	40,657	-
Total receipts	<u>6,705,229</u>	<u>555</u>	<u>119,527</u>	<u>4,830</u>	<u>37,035</u>	<u>636,714</u>	<u>1,045,492</u>
Disbursements:							
Personal services	4,301,847	-	45,769	-	-	17,687	-
Supplies	410,655	-	3,185	-	-	293,532	-
Other services and charges	1,179,999	-	69,975	-	-	5,331	-
Capital outlay	105,349	-	3,430	-	-	1,593	-
Other disbursements	335,566	-	20,330	45,842	19,604	151,046	1,045,570
Total disbursements	<u>6,333,416</u>	<u>-</u>	<u>142,689</u>	<u>45,842</u>	<u>19,604</u>	<u>469,189</u>	<u>1,045,570</u>
Excess (deficiency) of receipts over disbursements	<u>371,813</u>	<u>555</u>	<u>(23,162)</u>	<u>(41,012)</u>	<u>17,431</u>	<u>167,525</u>	<u>(78)</u>
Cash and investments - ending	<u>\$ 2,301,091</u>	<u>\$ 11,088</u>	<u>\$ 66,432</u>	<u>\$ 39,148</u>	<u>\$ 23,777</u>	<u>\$ 658,988</u>	<u>\$ 505</u>

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

	City & Town Court Costs	Clerk Record Perpetuation	Congressional School Interest	Congressional School Principal	Tourism	Sales Disclosure	Cumulative Bridge
Cash and investments - beginning	\$ 5,059	\$ 15,686	\$ 9,825	\$ 15,869	\$ 64,448	\$ 495	\$ 431,061
Receipts:							
Taxes	-	-	-	-	50,716	-	333,194
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	26,066
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	5,758	7,469	-	-	-	14,291	-
Other receipts	-	431	-	-	-	-	130,792
Total receipts	5,758	7,900	-	-	50,716	14,291	490,052
Disbursements:							
Personal services	-	-	-	-	4,118	-	108,539
Supplies	-	-	-	-	-	-	123,802
Other services and charges	-	4,920	-	-	18,845	-	-
Capital outlay	-	-	-	-	-	-	170,812
Other disbursements	-	-	-	-	-	3,633	-
Total disbursements	-	4,920	-	-	22,963	3,633	403,153
Excess (deficiency) of receipts over disbursements	5,758	2,980	-	-	27,753	10,658	86,899
Cash and investments - ending	\$ 10,817	\$ 18,666	\$ 9,825	\$ 15,869	\$ 92,201	\$ 11,153	\$ 517,960

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

	Corp. Cum'l. Capital Development	Drug Free Community	Ambulance	LEPC/Emerg. Plan./Right to Know	Enhanced Access - Recorder	Firearm's Training	Health
Cash and investments - beginning	\$ 719	\$ 26,912	\$ 84,629	\$ 16,698	\$ -	\$ 21,483	\$ 41,184
Receipts:							
Taxes							
Licenses and permits	10,511	-	-	-	-	-	91,818
Intergovernmental	-	-	-	-	-	-	-
Charges for services	1,699	-	-	-	-	-	7,183
Fines and forfeits	-	-	1,690	-	-	-	15,300
Other receipts	-	11,681	829,850	-	3,737	17,100	-
	-	-	29,756	-	-	-	-
Total receipts	12,210	11,681	861,296	-	3,737	17,100	114,301
Disbursements:							
Personal services							
Supplies	-	-	594,415	-	-	-	100,963
Other services and charges	-	-	127,790	-	-	-	5,957
Capital outlay	-	-	62,424	-	-	-	9,932
Other disbursements	-	-	16,244	-	-	-	-
	12,211	30,081	57,635	2,235	-	4,029	-
Total disbursements	12,211	30,081	858,508	2,235	-	4,029	116,852
Excess (deficiency) of receipts over disbursements	(1)	(18,400)	2,788	(2,235)	3,737	13,071	(2,551)
Cash and investments - ending	\$ 718	\$ 8,512	\$ 87,417	\$ 14,463	\$ 3,737	\$ 34,554	\$ 38,633

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

	County ID Protection Fund	Local Health Maintenance	Local Road & Street	County Misdemeanant	Highway	Park Non Reverting Operating	Rainy Day Fund
Cash and investments - beginning	\$ 49,247	\$ 70,917	\$ 62,487	\$ 32,599	\$ 1,875,911	\$ 175,235	\$ 824,812
Receipts:							
Taxes					348,982		
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	176,262	-	2,312,186	-	-
Fines and forfeits	-	41,417	-	-	-	500	-
Other receipts	2,056	-	-	-	-	66,271	-
	-	-	77,986	13,898	118,784	358	115,197
Total receipts	2,056	41,417	254,248	13,898	2,779,952	67,129	115,197
Disbursements:							
Personal services							
Supplies	-	20,454	-	-	1,451,054	-	-
Other services and charges	-	-	256,390	-	1,643,819	34,177	-
Capital outlay	-	-	-	-	386,877	-	67,500
Other disbursements	-	-	-	211	73,940	26,172	47,803
	-	10,000	-	-	4,348	-	-
Total disbursements	-	30,454	256,390	211	3,560,038	60,349	115,303
Excess (deficiency) of receipts over disbursements	2,056	10,963	(2,142)	13,687	(780,086)	6,780	(106)
Cash and investments - ending	\$ 51,303	\$ 81,880	\$ 60,345	\$ 46,286	\$ 1,095,825	\$ 182,015	\$ 824,706

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

	2015 Reassessment	Recorder Perpetuation	Sex & Violent Offender Fund	Supplemental Public Defender	Surplus Tax	Surveyor Perpetuation	Tax Sale Redemption
Cash and investments - beginning	\$ 82,842	\$ 95,247	\$ 9,929	\$ 71,459	\$ 54,239	\$ 14,482	\$ 5,465
Receipts:							
Taxes							
Licenses and permits	183,635	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	14,366	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	32,800	1,975	-	17,126	4,765	-
	<u>104</u>	<u>9,583</u>	<u>-</u>	<u>1</u>	<u>1,204</u>	<u>-</u>	<u>81,240</u>
Total receipts	<u>198,105</u>	<u>42,383</u>	<u>1,975</u>	<u>1</u>	<u>18,330</u>	<u>4,765</u>	<u>81,240</u>
Disbursements:							
Personal services							
Supplies	3,679	-	-	-	-	-	-
Other services and charges	671	-	-	-	-	-	-
Capital outlay	218,372	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
	<u>-</u>	<u>50,975</u>	<u>2,554</u>	<u>-</u>	<u>18,100</u>	<u>-</u>	<u>85,942</u>
Total disbursements	<u>222,722</u>	<u>50,975</u>	<u>2,554</u>	<u>-</u>	<u>18,100</u>	<u>-</u>	<u>85,942</u>
Excess (deficiency) of receipts over disbursements	<u>(24,617)</u>	<u>(8,592)</u>	<u>(579)</u>	<u>1</u>	<u>230</u>	<u>4,765</u>	<u>(4,702)</u>
Cash and investments - ending	<u>\$ 58,225</u>	<u>\$ 86,655</u>	<u>\$ 9,350</u>	<u>\$ 71,460</u>	<u>\$ 54,469</u>	<u>\$ 19,247</u>	<u>\$ 763</u>

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

	2011 Tax Sale Surplus	IN Local Health Dept Trust Fund	Vehicle Inspection	911 Wireless	E911	CASA Court App Sp Advocate	Park & Recreation
Cash and investments - beginning	\$ -	\$ 92,379	\$ 8,256	\$ (24,998)	\$ 24,998	\$ 1	\$ 385,598
Receipts:							
Taxes							
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	925,601
Other receipts	-	-	-	-	-	-	-
	<u>47,043</u>	<u>-</u>	<u>-</u>	<u>24,998</u>	<u>-</u>	<u>-</u>	<u>4,523</u>
Total receipts	<u>47,043</u>	<u>-</u>	<u>-</u>	<u>24,998</u>	<u>-</u>	<u>-</u>	<u>930,124</u>
Disbursements:							
Personal services							
Supplies	-	-	-	-	-	-	509,252
Other services and charges	-	-	-	-	-	-	59,188
Capital outlay	-	-	-	-	-	-	251,712
Other disbursements	-	-	-	-	-	-	27,661
	<u>2,601</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,998</u>	<u>-</u>	<u>15</u>
Total disbursements	<u>2,601</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,998</u>	<u>-</u>	<u>847,828</u>
Excess (deficiency) of receipts over disbursements	<u>44,442</u>	<u>-</u>	<u>-</u>	<u>24,998</u>	<u>(24,998)</u>	<u>-</u>	<u>82,296</u>
Cash and investments - ending	<u>\$ 44,442</u>	<u>\$ 92,379</u>	<u>\$ 8,256</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 467,894</u>

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

	SC Statewide 911	Adult Probation Services	Probation Administration Fee	Shelburn Nuisance Liens & Fees	E W House	Aviation Donation	Allocation Fund
Cash and investments - beginning	\$ 327,254	\$ 79,096	\$ 37,055	\$ -	\$ -	\$ 712	\$ 68,636
Receipts:							
Taxes							
Licenses and permits	-	-	-	-	290,838	-	128,560
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	317,360	21,891	17,762	7,017	-	2,099	-
	-	17	-	-	-	10,700	-
Total receipts	<u>317,360</u>	<u>21,908</u>	<u>17,762</u>	<u>7,017</u>	<u>290,838</u>	<u>12,799</u>	<u>128,560</u>
Disbursements:							
Personal services							
Supplies	135,417	22,506	-	-	-	-	-
Other services and charges	-	9,843	1,288	-	-	-	-
Capital outlay	50,662	6,806	1,754	-	-	-	-
Other disbursements	795	4,645	-	-	-	-	-
	-	-	589	7,017	290,838	12,359	83,912
Total disbursements	<u>186,874</u>	<u>43,800</u>	<u>3,631</u>	<u>7,017</u>	<u>290,838</u>	<u>12,359</u>	<u>83,912</u>
Excess (deficiency) of receipts over disbursements	<u>130,486</u>	<u>(21,892)</u>	<u>14,131</u>	<u>-</u>	<u>-</u>	<u>440</u>	<u>44,648</u>
Cash and investments - ending	<u>\$ 457,740</u>	<u>\$ 57,204</u>	<u>\$ 51,186</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,152</u>	<u>\$ 113,284</u>

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

	Payroll	Health Benefits	Police Pension Trust Fund	School Debt	Wheel Tax	Surtax	Commercial Vehicle Excise CVET
Cash and investments - beginning	\$ 61,591	\$ 2,829,967	\$ 4,932	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes							
Licenses and permits	17,290	-	-	13,031,854	107,174	345,832	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	1,683,326	-	-	-
Fines and forfeits	-	-	-	-	-	-	117,868
Other receipts	-	-	14,192	37,306	-	-	-
	<u>1,278,496</u>	<u>2,205,046</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total receipts	<u>1,295,786</u>	<u>2,205,046</u>	<u>14,192</u>	<u>14,752,486</u>	<u>107,174</u>	<u>345,832</u>	<u>117,868</u>
Disbursements:							
Personal services							
Supplies	641,820	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	6,082	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
	<u>672,356</u>	<u>1,935,939</u>	<u>11,635</u>	<u>14,752,486</u>	<u>107,174</u>	<u>345,832</u>	<u>117,868</u>
Total disbursements	<u>1,320,258</u>	<u>1,935,939</u>	<u>11,635</u>	<u>14,752,486</u>	<u>107,174</u>	<u>345,832</u>	<u>117,868</u>
Excess (deficiency) of receipts over disbursements	<u>(24,472)</u>	<u>269,107</u>	<u>2,557</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 37,119</u>	<u>\$ 3,099,074</u>	<u>\$ 7,489</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	State's Share of Del Tax/Pen	Shelburn Sewer Liens	Financial Institution	HEA 1001 STATE HSC 2008 DISTR	Homestead Credit Rebate	State Fines & Forfeitures	Infraction Judgements
Cash and investments - beginning	\$ 5	\$ 105	\$ -	\$ (1)	\$ 53	\$ 963	\$ 3,328
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	111,775	8,445	-	-	-
Other receipts	-	1,916	-	-	-	6,933	22,469
	-	-	-	-	-	-	-
Total receipts	-	1,916	111,775	8,445	-	6,933	22,469
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
	5	461	111,775	-	-	6,529	22,363
Total disbursements	5	461	111,775	-	-	6,529	22,363
Excess (deficiency) of receipts over disbursements	(5)	1,455	-	8,445	-	404	106
Cash and investments - ending	\$ -	\$ 1,560	\$ -	\$ 8,444	\$ 53	\$ 1,367	\$ 3,434

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

	Overweight Vehicle Fines	Sales Disclosure - State Share	Coroner Perpetuation	Mortgage Fee / State	Operation Pull Over	Child Restraint Violation	Inheritance Tax
Cash and investments - beginning	\$ 15	\$ -	\$ 170	\$ 490	\$ 137	\$ 50	\$ 82,570
Receipts:							
Taxes							
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	2,387	-	-
Other receipts	2,750	2,583	2,087	1,780	-	325	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>659,921</u>
Total receipts	<u>2,750</u>	<u>2,583</u>	<u>2,087</u>	<u>1,780</u>	<u>2,387</u>	<u>325</u>	<u>659,921</u>
Disbursements:							
Personal services							
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
	<u>2,101</u>	<u>1,993</u>	<u>1,889</u>	<u>1,878</u>	<u>2,387</u>	<u>350</u>	<u>716,343</u>
Total disbursements	<u>2,101</u>	<u>1,993</u>	<u>1,889</u>	<u>1,878</u>	<u>2,387</u>	<u>350</u>	<u>716,343</u>
Excess (deficiency) of receipts over disbursements	<u>649</u>	<u>590</u>	<u>198</u>	<u>(98)</u>	<u>-</u>	<u>(25)</u>	<u>(56,422)</u>
Cash and investments - ending	<u>\$ 664</u>	<u>\$ 590</u>	<u>\$ 368</u>	<u>\$ 392</u>	<u>\$ 137</u>	<u>\$ 25</u>	<u>\$ 26,148</u>

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

	Education Plate	Riverboat Revenue Sharing	93.563 ARRA Prosecutor IV-D In	93.563 ARRA Clerk IV-D Incenti	93.563 County IV-D Incentive	93.563 Prosecu IV-D Prior10/99	93.563 Prosec. IV-D POST 10/99
Cash and investments - beginning	\$ 339	\$ -	\$ 793	\$ 2,090	\$ 23,234	\$ 9,842	\$ 90,643
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	319	127,216	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
	-	-	-	-	12,850	-	24,758
Total receipts	319	127,216	-	-	12,850	-	24,758
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
	471	127,216	-	2,090	-	-	17,059
Total disbursements	471	127,216	-	2,090	-	-	17,059
Excess (deficiency) of receipts over disbursements	(152)	-	-	(2,090)	12,850	-	7,699
Cash and investments - ending	\$ 187	\$ -	\$ 793	\$ -	\$ 36,084	\$ 9,842	\$ 98,342

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

	93.563 Clerk IV-D POST 10/99	After Settlement Collections	Jail Commissary Fund	Clerk Trust	Sheriff's Inmate	Landfill Closure Trust	Clerk Support
Cash and investments - beginning	\$ 27,581	\$ 446,085	\$ 8,573	\$ 209,121	\$ 11,112	\$ 414,594	\$ 3,019
Receipts:							
Taxes							
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>12,850</u>	<u>211,032</u>	<u>116,006</u>	<u>1,414,137</u>	<u>120,701</u>	<u>265,426</u>	<u>369,894</u>
Disbursements:							
Personal services							
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>27,557</u>	<u>446,085</u>	<u>106,306</u>	<u>1,398,062</u>	<u>127,053</u>	<u>249,213</u>	<u>371,499</u>
Excess (deficiency) of receipts over disbursements	<u>(14,707)</u>	<u>(235,053)</u>	<u>9,700</u>	<u>16,075</u>	<u>(6,352)</u>	<u>16,213</u>	<u>(1,605)</u>
Cash and investments - ending	<u>\$ 12,874</u>	<u>\$ 211,032</u>	<u>\$ 18,273</u>	<u>\$ 225,196</u>	<u>\$ 4,760</u>	<u>\$ 430,807</u>	<u>\$ 1,414</u>

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

	Clerk D109I189	Clerk D112PL524	User fee	Pre-Trial	Jury Fees	Road Closure	Utility Easement Fee
Cash and investments - beginning	\$ 121,795	\$ -	\$ 65,333	\$ (1)	\$ 21,409	\$ 27,000	\$ 2,090
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	9,545	2,166	-	2,987
	-	100,000	296	-	22	-	-
Total receipts	-	100,000	296	9,545	2,188	-	2,987
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	9,025	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
	-	-	1,504	-	-	-	-
Total disbursements	-	-	1,504	9,025	-	-	-
Excess (deficiency) of receipts over disbursements	-	100,000	(1,208)	520	2,188	-	2,987
Cash and investments - ending	\$ 121,795	\$ 100,000	\$ 64,125	\$ 519	\$ 23,597	\$ 27,000	\$ 5,077

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

	Common School	Infraction Deferral	2010 Tax Sale Surplus	2012 Tax Sale Surplus	U.S. Specialty Ins. Co. Fund	48 Road Utility Agreement	2013 Tax Sale Surplus
Cash and investments - beginning	\$ 3,008	\$ 6,797	\$ 24,966	\$ 123,323	\$ 1,798	\$ 125,900	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	28,749	-	-	-	-	-
	-	18,894	-	-	-	-	73,490
Total receipts	-	47,643	-	-	-	-	73,490
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	39,876	-	-	-	-	-
Other services and charges	-	1,498	-	-	-	-	-
Capital outlay	-	6,998	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
	1	-	-	64,769	-	-	19,352
Total disbursements	1	48,372	-	64,769	-	-	19,352
Excess (deficiency) of receipts over disbursements	(1)	(729)	-	(64,769)	-	-	54,138
Cash and investments - ending	\$ 3,007	\$ 6,068	\$ 24,966	\$ 58,554	\$ 1,798	\$ 125,900	\$ 54,138

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

	Redevelopment Commission	Law Enforcement Fund	Highway 54	Veteran Van Donation	Ambulance Donation Fund	Extension Relocation Donation	Cemetery Commiss. Donation Fund
Cash and investments - beginning	\$ 4,197	\$ 105,600	\$ 926,273	\$ 354	\$ 3,308	\$ -	\$ 50
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	100	15,355	10,500	-	200	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	3,256	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	1,085	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	-	-	10,854	-	-	-
Total disbursements	1,085	3,256	-	10,854	-	-	-
Excess (deficiency) of receipts over disbursements	(1,085)	(3,156)	15,355	(354)	-	200	-
Cash and investments - ending	\$ 3,112	\$ 102,444	\$ 941,628	\$ -	\$ 3,308	\$ 200	\$ 50

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

	Juvenile Probation Service	Hymera Sewer Liens & Fees	Sullivan Nuisance Liens & Fees	Law Enforcement Continuing Ed	Utilities Fee - Mines	Library	Township Assistance
Cash and investments - beginning	\$ 9,182	\$ 62	\$ 561	\$ 2,224	\$ 147,506	\$ (1)	\$ (1)
Receipts:							
Taxes							
Licenses and permits	-	-	-	-	-	1,146,455	138,776
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	1,159	4,127	1	-	-	-
Other receipts	3,631	-	-	-	-	-	-
	-	-	-	-	-	-	-
Total receipts	<u>3,631</u>	<u>1,159</u>	<u>4,127</u>	<u>1</u>	<u>-</u>	<u>1,146,455</u>	<u>138,776</u>
Disbursements:							
Personal services							
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	3,042	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
	-	1,159	4,067	-	-	1,146,454	138,775
Total disbursements	<u>3,042</u>	<u>1,159</u>	<u>4,067</u>	<u>-</u>	<u>-</u>	<u>1,146,454</u>	<u>138,775</u>
Excess (deficiency) of receipts over disbursements	<u>589</u>	<u>-</u>	<u>60</u>	<u>1</u>	<u>-</u>	<u>1</u>	<u>1</u>
Cash and investments - ending	<u>\$ 9,771</u>	<u>\$ 62</u>	<u>\$ 621</u>	<u>\$ 2,225</u>	<u>\$ 147,506</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Motor Vehicle Hwy	Shelburn Storm Water Liens	School Capital Project	Victim Advocacy	Transportation	Co. Comm. EMA -Radio Fund	ADR
Cash and investments - beginning	\$ (1)	\$ 377	\$ (1)	\$ (6,431)	\$ 4,380	\$ -	\$ 4,235
Receipts:							
Taxes							
Licenses and permits	53,457	4,239	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	22,823	-	-	-
Other receipts	-	-	-	-	-	-	3,853
	-	-	1	-	-	8,590	-
Total receipts	53,457	4,239	1	22,823	-	8,590	3,853
Disbursements:							
Personal services							
Supplies	-	-	-	24,437	-	-	1,985
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
	53,456	4,104	-	-	-	-	6,103
Total disbursements	53,456	4,104	-	24,437	-	-	8,088
Excess (deficiency) of receipts over disbursements	1	135	1	(1,614)	-	8,590	(4,235)
Cash and investments - ending	\$ -	\$ 512	\$ -	\$ (8,045)	\$ 4,380	\$ 8,590	\$ -

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

	Elected Official Training DOT	Circuit Court Bail Bond	Sale of County Owned Property	Regional Service Council Fund	SC Drug & Alcohol Edu. Fund	Smithville Grant - Court	Grant Com Emer Man Planning
Cash and investments - beginning	\$ 2,437	\$ 10,274	\$ 25,162	\$ 6,430	\$ -	\$ -	\$ 1,016
Receipts:							
Taxes							
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	2,056	3,180	-	-	-	-	-
Total receipts	<u>2,056</u>	<u>3,180</u>	<u>-</u>	<u>13,371</u>	<u>1,300</u>	<u>23,000</u>	<u>-</u>
Disbursements:							
Personal services							
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>400</u>	<u>-</u>	<u>18,826</u>	<u>1,055</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>2,056</u>	<u>2,780</u>	<u>-</u>	<u>(5,455)</u>	<u>245</u>	<u>23,000</u>	<u>-</u>
Cash and investments - ending	<u>\$ 4,493</u>	<u>\$ 13,054</u>	<u>\$ 25,162</u>	<u>\$ 975</u>	<u>\$ 245</u>	<u>\$ 23,000</u>	<u>\$ 1,016</u>

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

	Com Emer Response Team Sub	Election Non Reverting Sec 102	Grant Homeland Security	Grant Energy Area 2 (Round 1)	Aviation Rotary	Grant H1-N1	Drug Interdiction
Cash and investments - beginning	\$ 2,531	\$ 1,194	\$ 6,500	\$ 3,315	\$ 36,069	\$ 7,019	\$ 8,044
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	123,610	-	936
	-	-	4,054	-	-	-	-
Total receipts	-	-	4,054	-	123,610	-	936
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
	-	-	10,445	-	112,836	-	-
Total disbursements	-	-	10,445	-	112,836	-	-
Excess (deficiency) of receipts over disbursements	-	-	(6,391)	-	10,774	-	936
Cash and investments - ending	\$ 2,531	\$ 1,194	\$ 109	\$ 3,315	\$ 46,843	\$ 7,019	\$ 8,980

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

	Drug Interdiction Fund	Grant Methamphetamine Mini	Grant Pandemic Assessment	Grant BioTerrorism Prepare/Resp	Sullivan Co Community Foundati	Grant Indiana Youth Avaiton
Cash and investments - beginning	\$ 300	\$ 1,496	\$ 1,889	\$ 13,424	\$ 365	\$ 1,500
Receipts:						
Taxes						
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	-	-	-	20,000	-	-
Disbursements:						
Personal services						
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	300	-	-	28,278	-	-
Excess (deficiency) of receipts over disbursements	300	-	-	28,278	-	-
Cash and investments - ending	(300)	-	-	(8,278)	-	-
	<u>\$ -</u>	<u>\$ 1,496</u>	<u>\$ 1,889</u>	<u>\$ 5,146</u>	<u>\$ 365</u>	<u>\$ 1,500</u>

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

	Community Corrections - Grant	Comm. Corr. Project Income	Comm. Corr. - CTP	Family Court Project Grant	PublicHealth Prepar Bonus Gran	Totals
Cash and investments - beginning	\$ 18,315	\$ 2,311	\$ 9,550	\$ -	\$ -	\$ 13,881,717
Receipts:						
Taxes						23,327,395
Licenses and permits	-	-	-	-	-	83
Intergovernmental	-	-	-	-	-	4,689,134
Charges for services	-	-	-	-	-	1,644,282
Fines and forfeits	-	-	-	-	-	1,805,617
Other receipts	-	-	-	-	-	8,464,406
	<u>145,947</u>	<u>12,114</u>	<u>12,460</u>	<u>15,000</u>	<u>10,000</u>	<u>8,464,406</u>
Total receipts	<u>145,947</u>	<u>12,114</u>	<u>12,460</u>	<u>15,000</u>	<u>10,000</u>	<u>39,930,917</u>
Disbursements:						
Personal services						
Supplies	93,479	-	-	-	-	8,129,578
Other services and charges	33,437	13,768	-	-	-	3,019,000
Capital outlay	10,801	-	-	-	-	2,363,117
Other disbursements	6,127	-	6,000	-	-	490,782
	<u>16,485</u>	<u>656</u>	<u>6,000</u>	<u>14,791</u>	<u>10,000</u>	<u>25,676,675</u>
Total disbursements	<u>160,329</u>	<u>14,424</u>	<u>12,000</u>	<u>14,791</u>	<u>10,000</u>	<u>39,679,152</u>
Excess (deficiency) of receipts over disbursements	<u>(14,382)</u>	<u>(2,310)</u>	<u>460</u>	<u>209</u>	<u>-</u>	<u>251,765</u>
Cash and investments - ending	<u>\$ 3,933</u>	<u>\$ 1</u>	<u>\$ 10,010</u>	<u>\$ 209</u>	<u>\$ -</u>	<u>\$ 14,133,482</u>

SULLIVAN COUNTY
SCHEDULE OF LEASES AND DEBT
December 31, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Caterpillar Financial Services Corp.	Caterpillar Milling Machine	\$ 16,034	05/29/13	05/29/18
Caterpillar Financial Services Corp.	Caterpillar Motor Grader	23,000	06/04/12	07/04/14
Caterpillar Financial Services Corp.	District 3 Durapatch	11,098	06/01/10	06/01/15
Caterpillar Financial Services Corp.	District 2 Motor Grader	164,000	05/06/11	05/06/14
Caterpillar Financial Services Corp.	140M3 Caterpillar Motor Grader	24,950	10/20/14	10/20/17
Caterpillar Financial Services Corp.	M316D Caterpillar	23,827	05/08/14	05/08/19
Caterpillar Financial Services Corp.	Caterpillar Model 140M #233	23,000	06/04/12	07/04/14
PACCAR	Kenworth 2014 Truck	26,152	11/18/13	11/18/17
Redevelopment Commission	Stewart Street EDA	954	01/15/04	01/15/15
Kansas State Bank of Manhattan	Five (5) 2011 Chevy Tahoe's	34,559	03/18/12	03/16/15
Riddell National Bank	Four (4) Chevy Tahoe's and One (1) Caprice	27,848	05/03/11	11/28/15
Municipal Finance	2010 Ford Crown Victoria	6,171	01/25/10	01/25/14
		<u>381,593</u>		
Total governmental activities		<u>381,593</u>		
Total of annual lease payments		<u>\$ 381,593</u>		

SULLIVAN 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	\$ 174,800
Infrastructure	481,955,500
Buildings	17,218,378
Machinery, equipment, and vehicles	6,548,775
Total governmental activities	505,897,453
Total capital assets	\$ 505,897,453

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF SULLIVAN COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2013-002. Our opinion on each major federal program is not modified with respect to this matter.

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

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

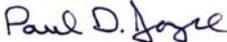
Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types 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 2013-002 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.

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

January 8, 2015

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTE

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

SULLIVAN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2013

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Commerce</u>				
ARRA - State Broadband Data and Development Grant Program 2012 Data Share Initiative - B	IN Office of Technology	11.558	067BROADBAND000	\$ 4,000
Total - Department of Commerce				4,000
<u>Department of Justice</u>				
Crime Victim Assistance Victim Assistance Grant	IN Criminal Justice Institute	16.575	2012-VA-GX-0017	22,823
Total - Department of Justice				22,823
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster Highway Planning and Construction Bridge 205 Replacement Bridge Inspection	IN Department of Transportation	20.205 20.205	DES 1173199 DES 1172051	79,912 50,880
Total - Highway Planning and Construction Cluster				130,792
Highway Safety Cluster Occupant Protection Incentive Grants	IN Criminal Justice Institute	20.602	FY 2013	2,387
Total - Highway Safety Cluster				2,387
Airport Improvement Program Airport Improvement Program	Direct grant	20.106 20.106	AIP-12 AIP-13	20,182 14,351
Total - Airport Improvement Program				34,533
Total - Department of Transportation				167,712
<u>Department of Health and Human Services</u>				
Public Health Emergency Preparedness	IN Department of Health	93.069	BPRS 176-75	14,379
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	IN Department of Health	93.074	BPRS 176-70	20,000
Centers for Disease Control and Prevention - Investigations and Technical Assistance	IN Department of Health	93.283	BPRS 176-75	3,899
Child Support Enforcement Prosecutor IV-D Incentive Clerk IV-D Incentive Title IV-D Direct Cost Title IV-D Indirect Cost	IN Department of Child Services	93.563	FY 2013 FY 2013 FY 2013 FY 2013	4,298 25,139 111,726 34,987
Total - Child Support Enforcement				176,150
Total - Department of Health and Human Services				214,428
<u>Department of Homeland Security</u>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters) Disaster Grant - County Highway Disaster Grant - Hurricane Sandy Relief	IN Department of Homeland Security	97.036 97.036	PA1997 12EMAC	73,831 3,655
Total - Disaster Grants - Public Assistance (Presidentially Declared Disasters)				77,486
Emergency Management Performance Grants FY 2011 FY 2012	IN Department of Homeland Security	97.042 97.042	C-44P-3-168B C-44P-3-305B	4,054 22,490
Total - Emergency Management Performance Grants				26,544
Total - Department of Homeland Security				104,030
Total federal awards expended				\$ 512,993

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

SULLIVAN COUNTY
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

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

SULLIVAN 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:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
93.563	Highway Planning and Construction Cluster Child Support Enforcement

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2013-001 - INTERNAL CONTROLS OVER REPORTING

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

1. Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the County's audited financial statement and then determining how those identified risks should be managed. The County has not identified risks to the preparation of a reliable financial statement and, as a result, has failed to design effective controls over the preparation of the financial statement to prevent or detect material misstatements, including notes to the financial statement. The financial information entered into

SULLIVAN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

the Annual Financial Report was used to compile the financial statement. The Annual Financial Report for 2013 was overstated by \$3,000,000. This error was a result of the County Auditor including "total monies on deposit" as a separate fund. The invested amounts were already included in the cash and investment balances of each individual fund.

2. The County did not have a proper system of internal controls 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.

During the audit of the SEFA, we noted that three grants were not reported on the SEFA; their expenditures totaled \$30,722. The Child Support Enforcement program expenditures were overstated by \$2,814 and were not properly detailed as to type of expenditure.

Audit adjustments were proposed, accepted by the County, and made to the financial statement and 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)

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."

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:

SULLIVAN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide the total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (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."

Section III - Federal Award Findings and Questioned Costs

***FINDING 2013-002 - INTERNAL CONTROLS AND COMPLIANCE
OVER ALLOWABLE COSTS/COST PRINCIPLES***

Federal Agency: Department of Health and Human Services

Federal Program: Child Support Enforcement

CFDA Number: 93.563

Federal Award Number and Year (or Other Identifying Number): Expenditures for 2013

Pass-Through Entity: Indiana Department of Child Services

Management of the County has not established an effective internal control system over compliance requirements relating to Allowable Costs/Cost Principles. The failure to establish an effective internal control system places the County at risk of possible noncompliance with the grant agreement and the compliance requirements.

An internal control system, should be designed and operate effectively to provide reasonable assurance that noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis.

The County was required to maintain time and effort reports on all full and part-time employees paid from the grant. The Indiana Department of Child Services has a report titled "Record of Monthly Time, State Form 45272 (3-92)/DFC Form 918." This form provides a space for employees to enter hours worked each day during the month and a place for them to sign certifying that the time reported represents only Title IV-D work and that the time reported is true and correct. The Clerk of the Circuit Court's Office did not maintain the time and effort reports certifying that the time reported was true and correct.

SULLIVAN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

OMB Circular A-87, Attachment B, item 8h, states in part:

- "(3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.

- (4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency.
. . ."

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."

Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the County.

We recommended that the County's management establish controls and procedures to ensure compliance with the Allowable Costs/Cost Principles requirement.

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AUDITEE PREPARED DOCUMENTS

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



OFFICE OF THE PROSECUTING ATTORNEY

ROBERT E. HUNLEY II

PROSECUTING ATTORNEY 14th JUDICIAL CIRCUIT
SULLIVAN COUNTY COURTHOUSE
100 COURTHOUSE SQUARE / ROOM 103
SULLIVAN, INDIANA 47882-1513

Phone (812) 268-6008
FAX (812) 268-5632

December 4, 2014

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2012-2-Internal Controls and Compliance Over Cash Management

Original Assigned SBA Audit Report Number: B42581
Report Period: January 1, 2012 through December 31, 2012
Pass Through Entity: Indiana Child Protective Services
Contact Person Responsible for Corrective Action: Barbara K. Adams
Contact Phone Number: 812 268-6008

Status of Audit Finding:

The Sullivan County Child Support Division Prosecutor's Office became compliant with the monthly expense claims for Title IV-D Prosecuting Attorney Expenditures (reimbursement claims) as of January 1, 2013. The overpayment of \$10,613.13 claimed for reimbursement of IV-D monthly expenses was refunded to the State by the Sullivan County Auditor's Office on March 12, 2014.



Barbara K. Adams, Child Support Administrator

12-4-14
Date



Robert E. Hunley II, Prosecutor

12-4-14
Date

Sullivan County Auditor

100 Courthouse Square, Room 202
Sullivan, Indiana 47882-1593
Brenda S. Howard, Auditor
Phone: 812.268.4491
Fax: 812.268.3612

December 10, 2014

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2012-3 Internal Controls and Compliance over Reporting

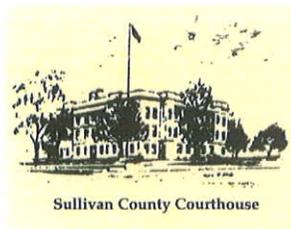
Original Assigned SBA Audit Report Number: B42581
Report Period: January 1, 2012 through December 31, 2012
Pass through Entity: Indiana Child Protective Services
Contact Person Responsible for Corrective Action: Brenda S. Howard
Contact Phone Number: 812.397.5544

Status of Audit Findings:

Have recorded the Title IV-D Child Support Enforcement program into the proper funds.
Reimbursements are in the correct funds.
The Title IV-D Incentive Funds are in the correct fund Quarterly incentive Balance Reports are filed in a Timely manner by the Auditor's Office.


Brenda S. Howard
Auditor Sullivan County

Date: 12-10-2014



Brenda S. Howard
Sullivan County Auditor

100 Courthouse Square, Room 202
Sullivan, Indiana 47882-1565
Phone: 812-268-4491
Fax: 812-268-3612

Corrective Action Plan

January 8, 2015

Finding 2013-001-Internal Controls Over Reporting

Contact Person Responsible for Corrective Action:
Brenda S. Howard, Sullivan County Auditor
Contact Phone Number 812-268-4491
Anticipated Completion Date: January 8, 2015

Corrective Action Plan:

Will review Gateway entry before we do the final Submission and also proof read all of it so that we are sure everything is O.K.

The Auditor's Office will work to develop proper means to accurately track the schedule of Expenditures of Federal Awards (SEFA) for Sullivan County, including the CFDA numbers, the amounts received and disbursed, and the Federal Agency and program. This may be done in the form of an electronic spreadsheet.

The Auditor's Office will reach out to those offices and departments who apply for and obtain Federal grant funds and compare this to the Federal Grants site in order to better maintain an accurate reporting of these Federal grant awards.

Respectfully yours,

Brenda S. Howard
Brenda S. Howard
Sullivan County Auditor



Sullivan County Courthouse



Sullivan County Courthouse Sullivan, Indiana

Peggy Goodman

Clerk of Sullivan County
Circuit and Superior Court
P.O. Box 370
Sullivan, Indiana 47882-0370

Phone: 812-268-4657

January 8, 2015

Corrective Action Plan for:

2013-002 Internal Controls and Compliance Over Allowable Costs/Cost Principles

Description of Corrective Plan:

All employees shall now sign both the payroll sheets submitted to Malinowski Consulting and the Record of Monthly Time, State Form 45272(3-92)/DFC Form 918 as of September, 2014.

Contact Person Responsible for Corrective Action: Peggy Goodman

Contact Phone Number: 812-268-4657

Peggy Goodman
(Signature)

Clerk
(Title)

January 8, 2015
(Date)

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/>.