

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF
DECATUR COUNTY, INDIANA

January 1, 2013 to December 31, 2013



FILED
06/05/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Tami D. Wenning (Vacant) Christy Smiley (Interim) Janet S. Chadwell	01-01-12 to 07-01-14 07-02-14 to 07-06-14 07-07-14 to 08-07-14 08-08-14 to 12-31-16
County Treasurer	Mary Vail	01-01-13 to 12-31-16
Clerk of the Circuit Court	Janet S. Chadwell Adina A. Roberts	01-01-11 to 08-07-14 08-08-14 to 12-31-18
County Sheriff	Gregory D. Allen	01-01-11 to 12-31-18
County Recorder	Denise Zeigler	01-01-11 to 12-31-18
President of the Board of County Commissioners	Rick J. Nobbe Jerome Buening John Richards	01-01-13 to 12-31-13 01-01-14 to 12-31-14 01-01-15 to 12-31-15
President of the County Council	Ernest J. Gauck	01-01-13 to 12-31-15



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF DECATUR COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of Decatur 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 February 26, 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 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
Paul D. Joyce, CPA
State Examiner

February 26, 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 DECATUR 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 Decatur 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 February 26, 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 items 2013-001 and 2013-002 to be material weaknesses.

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

Compliance and Other Matters

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

Decatur 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
Paul D. Joyce, CPA
State Examiner

February 26, 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.

DECATUR 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	
Sheriff Inmate Trust	\$ 1,671	\$ 150,124	\$ 143,896	\$ 7,899		
Sheriff Commissary	29,029	66,591	65,262	30,358		
Clerk	605,835	2,280,774	2,535,926	350,683		
County General	2,198,879	5,906,245	6,355,889	1,749,235		
Police-Accident Report	3,036	2,332	2,649	2,719		
PTRC (CAGIT)	(9,282)	1,140,097	1,039,078	91,737		
Certified Shares (CAGIT)	9,283	3,135,268	3,116,056	28,495		
Co Credit (Debt Service Fund)	1,495,874	749,763	85,000	2,160,637		
Child Advocacy	370	-	-	370		
City & Town Court Costs	19,786	12,940	28,632	4,094		
Clerks Record Perpetuation	12,645	15,774	14,794	13,625		
Congressional School Interest	16,118	45	-	16,163		
Congressional School Principle	20,741	-	-	20,741		
Convention And Visitors Bureau	161,992	164,557	128,476	198,073		
Inmates Phone Fund	64,081	4,356	11,357	57,080		
County Sales Disclosure	11,383	2,755	-	14,138		
Covered Bridge Fund	15,665	1,855	-	17,520		
Cumulative Bridge	2,592,842	920,222	836,365	2,676,699		
Cum Cap Development Fund	331,750	234,644	155,983	410,411		
Drug Free Community	39,824	23,785	28,189	35,440		
Emergency Planning & Right To	19,184	-	13,400	5,784		
E 911 Landline	93,740	854	210,891	(116,297)		
Enhanced Access	872	-	-	872		
County Extradition	-	2,400	-	2,400		
Police Firearms Training	12,364	14,200	6,929	19,635		
Health	330,039	384,809	323,835	391,013		
Identification Security Protec	24,756	2,353	1,122	25,987		
Excess Levy	18,790	-	-	18,790		
Local Road and Street	370,471	860,999	942,024	289,446		
County Misdemeanant	326,185	85,260	105,809	305,636		
Highway	1,376,681	1,902,658	1,523,245	1,756,094		
Park Capital Nonreverting	3,675	-	-	3,675		
Park Activity	50,934	46,385	62,254	35,065		
Plat Book Maintenance	27,598	9,790	5,975	31,413		
Rainy Day Fund (Excess Edit)	1,578,124	522	-	1,578,646		
Reassessment	364,488	173,716	241,357	296,847		
Reassessment 2015	172,512	-	-	172,512		
Recorder's Records Perpet	109,846	38,014	19,544	128,316		
Sex/Violent Offender Regis Fee	7,644	2,595	-	10,239		
Supplemental Public Defender	64,172	71,830	106,972	29,030		
Surplus Tax	68,330	240,950	195,040	114,240		
Surveyor's Corner Perpetuation	42,037	5,740	3,383	44,394		
Tax Sale Certificate	9,885	-	-	9,885		
Tax Sale Redemption	42,497	22,799	22,607	42,689		
Surplus Tax Sale	354,571	209,052	247,237	316,386		
E 911 Wireless	367,193	378,984	43,109	703,068		
Guardian Ad Lim Court	27	24,129	24,189	(33)		
County Officials Training Fund	2,832	2,352	2,228	2,956		
Park And Recreation	315,845	492,970	552,144	256,671		
Probation Administration Fund	94,896	18,054	49,375	63,575		
Juvenile Prob User Fees	10,972	5,224	2,990	13,206		
Health Maintenance	82,234	33,139	15,020	100,353		
Sheriff Donation	11,135	1,704	2,017	10,822		
Honda TIF Bonds	-	-	-	-		
Decatur County Excess Revenue Sub Account	1,342,576	585,234	-	1,927,810		
Decatur County TIF Board Sub Account	355,000	1,725,149	800,000	1,280,149		
Decatur County Project Account	634,870	-	1,240	633,630		
Hospital Bond	960,368	907,687	369,250	1,498,805		
Special Non-Revert Health Ins	391,899	1,927,712	2,628,013	(308,402)		
Payroll	5,543	4,839,573	4,896,751	(51,635)		
Police Pension	109,656	15,025	29,029	95,652		

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

DECATUR 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
State Settlement	-	27,115,422	27,115,421	1
County Wheel Tax	(7,717)	142,196	114,994	19,485
Commercial Vehicle Excise	6	197,288	197,288	6
Financial Institution Tax	-	33,843	33,843	-
State Fines And Forfeitures	4,612	13,379	15,751	2,240
Infraction Judgements	5,936	39,094	43,844	1,186
Special Death Benefits	325	1,945	2,115	155
State Sales Disclosure	320	2,760	2,840	240
Coroners Training Fund	398	2,306	2,550	154
State Mortgage Fee Fund	635	3,358	3,755	238
State Sex/Violent Offender	468	75	541	2
Child Restraint Fees	50	-	50	-
Forest Restoration	49	-	49	-
Inheritance Tax	76,562	711,556	743,142	44,976
Education Plate Fees	319	3,581	3,206	694
Riverboat Wagering Tax Sharing	226,389	152,482	304,963	73,908
PTRC (Cagit)	-	1,899,188	1,792,942	106,246
Edit(Tax Distribution Fund)	36,530	1,146,771	1,048,653	134,648
93.563 Prosecutor's ARRA	1,984	-	1,693	291
Title IV-D Incentive	96,415	14,095	5,485	105,025
93.563 Clerk Incentive	63,017	14,095	5,318	71,794
Law Enforcement Cont. Ed	45,893	7,378	5,398	47,873
Jury Pay Fund	101,935	4,350	6,514	99,771
Marijuana Eradication Program	27,627	6,028	13,331	20,324
Probation User Fee	116,204	89,395	119,814	85,785
Deferral Program	78,565	35,860	21,593	92,832
Park Gifts & Grants	16,570	16,118	28,553	4,135
Westport Cover Bridge Donation	41,622	-	-	41,622
Sardinia Septic Donations	10,000	-	-	10,000
Comm Emergency Response Team	-	3,094	-	3,094
Treasurer	865,699	568,311	865,699	568,311
Decatur Co Inmate Food	8,420	137,246	136,826	8,840
Animal Shelter Donations	11,642	37,600	43,075	6,167
20.600 Operation Pull Over	2,439	15,299	8,615	9,123
K-9 Donation	-	8,094	8,000	94
Federal Adoptive Forfeiture	291	-	-	291
Co Law Enforcement	16,830	1,893	2,607	16,116
Airport Improvement Fund	34,295	-	-	34,295
Riverboat Wagering Co Share	371,256	139,757	-	511,013
Home Detention	59,470	159,319	120,395	98,394
Community Service	49,477	19,168	4,300	64,345
Sheriff Drug Testing	2,522	-	36	2,486
Corrections Drug Testing	8,024	8,350	6,111	10,263
Check Enforcement Fund	13,884	899	1,494	13,289
Community Transitional Program	3,720	7,780	-	11,500
Decatur Co Redev TIF Bond Proc	8,566	1,295,234	1,296,080	7,720
Cedit Hsc	83,032	368,289	440,746	10,575
HEA 1001-2008 State Hmstd Cr	2,201	32	-	2,233
Local Health Dept Trust Acct	32,249	9,129	1,381	39,997
Bioterrorism Prepared Grant	67,844	-	-	67,844
Drug Free Grant	(5,722)	111,611	109,785	(3,896)
90.401 Hava Title III	103,028	-	-	103,028
Hava Section 102	180	-	-	180
14.228 Letts Fire Station	-	361,647	328,717	32,930
93.563 Prosecutor Incentive	152,983	-	74,697	78,286
Child Safety Grant	1,654	-	588	1,066
Family Court Counselor	(23,131)	48,875	74,293	(48,549)
Decatur Co Pedestrian Trail	52,487	17,742	14,285	55,944
 Totals	 \$ 20,644,017	 \$ 64,815,921	 \$ 63,165,887	 \$ 22,294,051

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

DECATUR 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.

DECATUR COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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.

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.

DECATUR COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

DECATUR 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.

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.

DECATUR COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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 and posting errors made by the County. The reimbursements for expenditures made by the County were not received by December 31, 2013. Additionally, some funds had posting errors that were not detected and corrected prior to December 31, 2013.

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.

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

	<u>Sheriff Inmate Trust</u>	<u>Sheriff Commissary</u>	<u>Clerk</u>	<u>County General</u>	<u>Police-Accident Report</u>	<u>PTRC (CAGIT)</u>
Cash and investments - beginning	\$ 1,671	\$ 29,029	\$ 605,835	\$ 2,198,879	\$ 3,036	\$ (9,282)
Receipts:						
Taxes	-	-	-	3,888,065	-	-
Licenses and permits	-	-	-	521,768	-	-
Intergovernmental	-	-	-	137,215	-	1,140,097
Charges for services	-	-	-	221,951	-	-
Other receipts	150,124	66,591	2,280,774	1,137,246	2,332	-
Total receipts	150,124	66,591	2,280,774	5,906,245	2,332	1,140,097
Disbursements:						
Personal services	-	-	-	3,540,283	-	-
Supplies	-	-	-	476,081	-	-
Other services and charges	-	-	-	1,275,534	-	-
Capital outlay	-	-	-	300,352	-	-
Other disbursements	143,896	65,262	2,535,926	763,639	2,649	1,039,078
Total disbursements	143,896	65,262	2,535,926	6,355,889	2,649	1,039,078
Excess (deficiency) of receipts over disbursements	6,228	1,329	(255,152)	(449,644)	(317)	101,019
Cash and investments - ending	\$ 7,899	\$ 30,358	\$ 350,683	\$ 1,749,235	\$ 2,719	\$ 91,737

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

	Certified Shares (CAGIT)	Co Cedit (Debt Service Fund)	Child Advocacy	City & Town Court Costs	Clerks Record Perpetuation	Congressional School Interest
Cash and investments - beginning	\$ 9,283	\$ 1,495,874	\$ 370	\$ 19,786	\$ 12,645	\$ 16,118
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Other receipts	3,135,268	749,763	-	12,940	15,774	45
Total receipts	3,135,268	749,763	-	12,940	15,774	45
Disbursements:						
Personal services	-	-	-	-	8,901	-
Supplies	-	-	-	-	67	-
Other services and charges	-	85,000	-	-	5,780	-
Capital outlay	-	-	-	-	-	-
Other disbursements	3,116,056	-	-	28,632	46	-
Total disbursements	3,116,056	85,000	-	28,632	14,794	-
Excess (deficiency) of receipts over disbursements	19,212	664,763	-	(15,692)	980	45
Cash and investments - ending	\$ 28,495	\$ 2,160,637	\$ 370	\$ 4,094	\$ 13,625	\$ 16,163

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

	Convention And Visitors Bureau	Inmates Phone Fund	County Sales Disclosure	Covered Bridge Fund	Cumulative Bridge
	Congressional School Principle				
Cash and investments - beginning	\$ 20,741	\$ 161,992	\$ 64,081	\$ 11,383	\$ 2,592,842
Receipts:					
Taxes	-	164,557	-	-	617,610
Licenses and permits	-	-	-	-	81,901
Intergovernmental	-	-	-	-	3,033
Charges for services	-	-	-	-	213,968
Other receipts	-	-	4,356	2,755	1,855
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total receipts	-	164,557	4,356	2,755	1,855
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	128,240	-	-	696,408
Capital outlay	-	-	-	-	139,957
Other disbursements	-	236	11,357	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total disbursements	-	128,476	11,357	-	836,365
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of receipts over disbursements	-	36,081	(7,001)	2,755	1,855
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Cash and investments - ending	\$ 20,741	\$ 198,073	\$ 57,080	\$ 14,138	\$ 2,676,699

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

	Cum Cap Development Fund	Drug Free Community	Emergency Planning & Right To	E 911 Landline	Enhanced Access	County Extradition
Cash and investments - beginning	\$ 331,750	\$ 39,824	\$ 19,184	\$ 93,740	\$ 872	\$ -
Receipts:						
Taxes	205,026	-	-	-	-	-
Licenses and permits	27,209	-	-	-	-	-
Intergovernmental	1,009	-	-	-	-	-
Charges for services	1,400	-	-	854	-	-
Other receipts	-	23,785	-	-	-	2,400
Total receipts	234,644	23,785	-	854	-	2,400
Disbursements:						
Personal services	-	7,016	468	81,997	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	21,153	568	128,894	-	-
Capital outlay	155,983	-	1,094	-	-	-
Other disbursements	-	-	11,270	-	-	-
Total disbursements	155,983	28,169	13,400	210,891	-	-
Excess (deficiency) of receipts over disbursements	78,661	(4,384)	(13,400)	(210,037)	-	2,400
Cash and investments - ending	<u>\$ 410,411</u>	<u>\$ 35,440</u>	<u>\$ 5,784</u>	<u>\$ (116,297)</u>	<u>\$ 872</u>	<u>\$ 2,400</u>

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

	Police Firearms Training	Health	Identification Security Protec	Excess Levy	Local Road and Street	County Misdemeanant
Cash and investments - beginning	\$ 12,364	\$ 330,039	\$ 24,756	\$ 18,790	\$ 370,471	\$ 326,185
Receipts:						
Taxes	-	313,772	-	-	-	-
Licenses and permits	-	41,581	-	-	-	-
Intergovernmental	-	1,538	-	-	840,523	-
Charges for services	-	5,080	-	-	-	40,093
Other receipts	14,200	22,838	2,353	-	20,476	45,167
Total receipts	14,200	384,809	2,353	-	860,999	85,260
Disbursements:						
Personal services	-	292,349	-	-	-	-
Supplies	-	5,716	-	-	711,589	53,285
Other services and charges	-	21,630	-	-	230,435	-
Capital outlay	-	4,140	-	-	-	-
Other disbursements	6,929	-	1,122	-	-	52,524
Total disbursements	6,929	323,835	1,122	-	942,024	105,809
Excess (deficiency) of receipts over disbursements	7,271	60,974	1,231	-	(81,025)	(20,549)
Cash and investments - ending	\$ 19,635	\$ 391,013	\$ 25,987	\$ 18,790	\$ 289,446	\$ 305,636

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

	Highway	Park Capital Nonreverting	Park Activity	Plat Book Maintenance	Rainy Day Fund (Excess Edit)	Reassessment
Cash and investments - beginning	\$ 1,376,681	\$ 3,675	\$ 50,934	\$ 27,598	\$ 1,578,124	\$ 364,488
Receipts:						
Taxes	-	-	-	-	-	150,466
Licenses and permits	500	-	-	-	-	20,190
Intergovernmental	1,883,529	-	-	-	-	763
Charges for services	282	-	44,133	-	-	-
Other receipts	18,347	-	2,252	9,790	522	2,297
Total receipts	1,902,658	-	46,385	9,790	522	173,716
Disbursements:						
Personal services	1,234,304	-	-	-	-	90,177
Supplies	149,290	-	6,828	-	-	918
Other services and charges	131,862	-	53,426	-	-	149,173
Capital outlay	7,789	-	-	-	-	1,089
Other disbursements	-	-	2,000	5,975	-	-
Total disbursements	1,523,245	-	62,254	5,975	-	241,357
Excess (deficiency) of receipts over disbursements	379,413	-	(15,869)	3,815	522	(67,641)
Cash and investments - ending	<u>\$ 1,756,094</u>	<u>\$ 3,675</u>	<u>\$ 35,065</u>	<u>\$ 31,413</u>	<u>\$ 1,578,646</u>	<u>\$ 296,847</u>

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

	Reassessment 2015	Recorder's Records Perpet	Sex/Violent Offender Regis Fee	Supplemental Public Defender	Surplus Tax	Surveyor's Corner Perpetuation
Cash and investments - beginning	\$ 172,512	\$ 109,846	\$ 7,644	\$ 64,172	\$ 68,330	\$ 42,037
Receipts:						
Taxes	-	-	-	-	172,234	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	68,716	-
Other receipts	-	38,014	2,595	71,830	-	5,740
Total receipts	-	38,014	2,595	71,830	240,950	5,740
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	19,544	-	106,972	195,040	3,383
Total disbursements	-	19,544	-	106,972	195,040	3,383
Excess (deficiency) of receipts over disbursements	-	18,470	2,595	(35,142)	45,910	2,357
Cash and investments - ending	<u>\$ 172,512</u>	<u>\$ 128,316</u>	<u>\$ 10,239</u>	<u>\$ 29,030</u>	<u>\$ 114,240</u>	<u>\$ 44,394</u>

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

	Tax Sale Certificate	Tax Sale Redemption	Surplus Tax Sale	E 911 Wireless	Guardian Ad Lim Court	County Officials Training Fund
Cash and investments - beginning	\$ 9,885	\$ 42,497	\$ 354,571	\$ 367,193	\$ 27	\$ 2,832
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	378,934	-	-
Other receipts	-	22,799	209,052	50	24,129	2,352
Total receipts	-	22,799	209,052	378,984	24,129	2,352
Disbursements:						
Personal services	-	-	-	43,109	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	22,607	247,237	-	24,189	2,228
Total disbursements	-	22,607	247,237	43,109	24,189	2,228
Excess (deficiency) of receipts over disbursements	-	192	(38,185)	335,875	(60)	124
Cash and investments - ending	\$ 9,885	\$ 42,689	\$ 316,386	\$ 703,068	\$ (33)	\$ 2,956

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

	Park And Recreation	Probation Administration Fund	Juvenile Prob User Fees	Health Maintenance	Sheriff Donation	Honda TIF Bonds
Cash and investments - beginning	\$ 315,845	\$ 94,896	\$ 10,972	\$ 82,234	\$ 11,135	\$ -
Receipts:						
Taxes	407,647	-	-	-	-	-
Licenses and permits	54,034	-	-	-	-	-
Intergovernmental	1,999	-	-	-	-	-
Charges for services	29,290	-	5,224	33,139	-	-
Other receipts	-	18,054	-	-	1,704	-
Total receipts	492,970	18,054	5,224	33,139	1,704	-
Disbursements:						
Personal services	334,682	-	8	-	-	-
Supplies	35,476	-	2,106	-	-	-
Other services and charges	133,921	-	370	15,020	-	-
Capital outlay	48,065	-	406	-	-	-
Other disbursements	-	49,375	100	-	2,017	-
Total disbursements	552,144	49,375	2,990	15,020	2,017	-
Excess (deficiency) of receipts over disbursements	(59,174)	(31,321)	2,234	18,119	(313)	-
Cash and investments - ending	\$ 256,671	\$ 63,575	\$ 13,206	\$ 100,353	\$ 10,822	\$ -

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

	Decatur County Excess Revenue Sub Account	Decatur County TIF Board Sub Account	Decatur County Project Account	Hospital Bond	Special Non-Revert Health Ins	Payroll
Cash and investments - beginning	\$ 1,342,576	\$ 355,000	\$ 634,870	\$ 960,368	\$ 391,899	\$ 5,543
Receipts:						
Taxes	585,234	1,725,149	-	787,064	-	-
Licenses and permits	-	-	-	115,622	-	-
Intergovernmental	-	-	-	5,001	-	1,081,856
Charges for services	-	-	-	-	14,220	3,550,183
Other receipts	-	-	-	-	1,913,492	207,534
Total receipts	585,234	1,725,149	-	907,687	1,927,712	4,839,573
Disbursements:						
Personal services	-	-	-	-	-	4,896,751
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	800,000	1,240	369,250	2,628,013	-
Total disbursements	-	800,000	1,240	369,250	2,628,013	4,896,751
Excess (deficiency) of receipts over disbursements	585,234	925,149	(1,240)	538,437	(700,301)	(57,178)
Cash and investments - ending	\$ 1,927,810	\$ 1,280,149	\$ 633,630	\$ 1,498,805	\$ (308,402)	\$ (51,635)

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

	Police Pension	State Settlement	County Wheel Tax	Commercial Vehicle Excise	Financial Institution Tax	State Fines And Forfeitures
Cash and investments - beginning	\$ 109,656	\$ -	\$ (7,717)	\$ 6	\$ -	\$ 4,612
Receipts:						
Taxes	-	24,460,085	-	-	-	-
Licenses and permits	-	2,655,337	-	-	-	-
Intergovernmental	-	-	142,196	197,288	33,843	-
Charges for services	-	-	-	-	-	450
Other receipts	15,025	-	-	-	-	12,929
Total receipts	15,025	27,115,422	142,196	197,288	33,843	13,379
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	29,029	27,115,421	114,994	197,288	33,843	15,751
Total disbursements	29,029	27,115,421	114,994	197,288	33,843	15,751
Excess (deficiency) of receipts over disbursements	(14,004)	1	27,202	-	-	(2,372)
Cash and investments - ending	\$ 95,652	\$ 1	\$ 19,485	\$ 6	\$ -	\$ 2,240

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

	Infraction Judgements	Special Death Benefits	State Sales Disclosure	Coroners Training Fund	State Mortgage Fee Fund	State Sex/Violent Offender
Cash and investments - beginning	\$ 5,936	\$ 325	\$ 320	\$ 398	\$ 635	\$ 468
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	3,132	-	-	-	-	-
Other receipts	35,962	1,945	2,760	2,306	3,358	75
Total receipts	39,094	1,945	2,760	2,306	3,358	75
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	43,844	2,115	2,840	2,550	3,755	541
Total disbursements	43,844	2,115	2,840	2,550	3,755	541
Excess (deficiency) of receipts over disbursements	(4,750)	(170)	(80)	(244)	(397)	(466)
Cash and investments - ending	\$ 1,186	\$ 155	\$ 240	\$ 154	\$ 238	\$ 2

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

	Child Restraint Fees	Forest Restoration	Inheritance Tax	Education Plate Fees	Riverboat Wagering Tax Sharing	PTRC (Cagit)
Cash and investments - beginning	\$ 50	\$ 49	\$ 76,562	\$ 319	\$ 226,389	\$ -
Receipts:						
Taxes	-	-	-	-	-	1,899,188
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	711,556	-	152,482	-
Charges for services	-	-	-	-	-	-
Other receipts	-	-	-	3,581	-	-
Total receipts	-	-	711,556	3,581	152,482	1,899,188
Disbursements:						
Personal services	-	-	-	-	-	1,792,942
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	50	49	743,142	3,206	304,963	-
Total disbursements	50	49	743,142	3,206	304,963	1,792,942
Excess (deficiency) of receipts over disbursements	(50)	(49)	(31,586)	375	(152,481)	106,246
Cash and investments - ending	\$ -	\$ -	\$ 44,976	\$ 694	\$ 73,908	\$ 106,246

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

	Edit(Tax Distribution Fund)	93.563 Prosecutor's ARRA	Title IV-D Incentive	93.563 Clerk Incentive	Law Enforcement Cont. Ed	Jury Pay Fund
Cash and investments - beginning	\$ 36,530	\$ 1,984	\$ 96,415	\$ 63,017	\$ 45,893	\$ 101,935
Receipts:						
Taxes	1,146,771	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Other receipts	-	-	14,095	14,095	7,378	4,350
Total receipts	1,146,771	-	14,095	14,095	7,378	4,350
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	1,048,653	1,693	5,485	5,318	5,398	6,514
Total disbursements	1,048,653	1,693	5,485	5,318	5,398	6,514
Excess (deficiency) of receipts over disbursements	98,118	(1,693)	8,610	8,777	1,980	(2,164)
Cash and investments - ending	\$ 134,648	\$ 291	\$ 105,025	\$ 71,794	\$ 47,873	\$ 99,771

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

	Marijuana Eradication Program	Probation User Fee	Deferral Program	Park Gifts & Grants	Westport Cover Bridge Donation	Sardinia Septic Donations
Cash and investments - beginning	\$ 27,627	\$ 116,204	\$ 78,565	\$ 16,570	\$ 41,622	\$ 10,000
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Other receipts	6,028	89,395	35,860	16,118	-	-
Total receipts	6,028	89,395	35,860	16,118	-	-
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	13,331	119,814	21,593	28,553	-	-
Total disbursements	13,331	119,814	21,593	28,553	-	-
Excess (deficiency) of receipts over disbursements	(7,303)	(30,419)	14,267	(12,435)	-	-
Cash and investments - ending	\$ 20,324	\$ 85,785	\$ 92,832	\$ 4,135	\$ 41,622	\$ 10,000

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

	Comm Emergency Response Team	Treasurer	Decatur Co Inmate Food	Animal Shelter Donations	20.600 Operation Pull Over	K-9 Donation
Cash and investments - beginning	\$ -	\$ 865,699	\$ 8,420	\$ 11,642	\$ 2,439	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Other receipts	3,094	568,311	137,246	37,600	15,299	8,094
Total receipts	3,094	568,311	137,246	37,600	15,299	8,094
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	865,699	136,826	43,075	8,615	8,000
Total disbursements	-	865,699	136,826	43,075	8,615	8,000
Excess (deficiency) of receipts over disbursements	3,094	(297,388)	420	(5,475)	6,684	94
Cash and investments - ending	\$ 3,094	\$ 568,311	\$ 8,840	\$ 6,167	\$ 9,123	\$ 94

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

	<u>Federal Adoptive Forfeiture</u>	<u>Co Law Enforcement</u>	<u>Airport Improvement Fund</u>	<u>Riverboat Wagering Co Share</u>	<u>Home Detention</u>	<u>Community Service</u>
Cash and investments - beginning	\$ 291	\$ 16,830	\$ 34,295	\$ 371,256	\$ 59,470	\$ 49,477
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	139,757	-	-
Charges for services	-	-	-	-	141,516	19,168
Other receipts	-	1,893	-	-	17,803	-
Total receipts	-	1,893	-	139,757	159,319	19,168
Disbursements:						
Personal services	-	-	-	-	74,744	-
Supplies	-	-	-	-	1,046	-
Other services and charges	-	-	-	-	43,890	-
Capital outlay	-	-	-	-	715	-
Other disbursements	-	2,607	-	-	-	4,300
Total disbursements	-	2,607	-	-	120,395	4,300
Excess (deficiency) of receipts over disbursements	-	(714)	-	139,757	38,924	14,868
Cash and investments - ending	<u>\$ 291</u>	<u>\$ 16,116</u>	<u>\$ 34,295</u>	<u>\$ 511,013</u>	<u>\$ 98,394</u>	<u>\$ 64,345</u>

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

	Sheriff Drug Testing	Corrections Drug Testing	Check Enforcement Fund	Community Transitional Program	Decatur Co Redev TIF Bond Proc	Credit Hsc
Cash and investments - beginning	\$ 2,522	\$ 8,024	\$ 13,884	\$ 3,720	\$ 8,566	\$ 83,032
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Other receipts	-	8,350	899	7,780	1,295,234	368,289
Total receipts	-	8,350	899	7,780	1,295,234	368,289
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	36	6,111	1,494	-	1,296,080	440,746
Total disbursements	36	6,111	1,494	-	1,296,080	440,746
Excess (deficiency) of receipts over disbursements	(36)	2,239	(595)	7,780	(846)	(72,457)
Cash and investments - ending	\$ 2,486	\$ 10,263	\$ 13,289	\$ 11,500	\$ 7,720	\$ 10,575

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

	HEA 1001-2008	Local Health Dept Trust Acct	Bioterrorism Prepared Grant	Drug Free Grant	90.401 Hava Title III	Hava Section 102
Cash and investments - beginning	\$ 2,201	\$ 32,249	\$ 67,844	\$ (5,722)	\$ 103,028	\$ 180
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Other receipts	32	9,129	-	111,611	-	-
Total receipts	32	9,129	-	111,611	-	-
Disbursements:						
Personal services	-	-	-	69,440	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	1,381	-	40,345	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	1,381	-	109,785	-	-
Excess (deficiency) of receipts over disbursements	32	7,748	-	1,826	-	-
Cash and investments - ending	\$ 2,233	\$ 39,997	\$ 67,844	\$ (3,896)	\$ 103,028	\$ 180

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

	14.228 Letts Fire Station	93.563 Prosecutor Incentive	Child Safety Grant	Family Court Counselor	Decatur Co Pedestrian Trail	Totals
Cash and investments - beginning	\$ -	\$ 152,983	\$ 1,654	\$ (23,131)	\$ 52,487	\$ 20,644,017
Receipts:						
Taxes	-	-	-	-	-	36,522,868
Licenses and permits	-	-	-	-	-	3,518,142
Intergovernmental	-	-	-	-	-	6,473,685
Charges for services	-	-	-	-	-	4,771,733
Other receipts	361,647	-	-	48,875	17,742	13,529,493
Total receipts	361,647	-	-	48,875	17,742	64,815,921
Disbursements:						
Personal services	-	-	-	72,375	-	12,539,546
Supplies	-	-	-	847	-	1,443,249
Other services and charges	-	-	-	1,071	-	3,164,101
Capital outlay	-	-	-	-	-	659,590
Other disbursements	328,717	74,697	588	-	14,285	45,359,401
Total disbursements	328,717	74,697	588	74,293	14,285	63,165,887
Excess (deficiency) of receipts over disbursements	32,930	(74,697)	(588)	(25,418)	3,457	1,650,034
Cash and investments - ending	\$ 32,930	\$ 78,286	\$ 1,066	\$ (48,549)	\$ 55,944	\$ 22,294,051

DECATUR COUNTY
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2013

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	\$ <u>49,088</u>	\$ <u>-</u>

DECATUR 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	Decatur County Hospital Association	\$ 1,647,500	\$ 357,000
Revenue bonds	Honda TIF	<u>20,524,194</u>	<u>1,000,000</u>
Totals		\$ 22,171,694	\$ 1,357,000

DECATUR 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	\$ 969,669
Infrastructure	24,928,684
Buildings	11,471,034
Improvements other than buildings	2,223,603
Machinery, equipment, and vehicles	<u>10,026,483</u>
 Total capital assets	 <u>\$ 49,619,473</u>

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF DECATUR COUNTY, INDIANA

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on the Major Federal Program

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

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

Report on Internal Control Over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2013-003 and 2013-004 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
Paul D. Joyce, CPA
State Examiner

February 26, 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.

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Housing and Urban Development</u>				
CDBG - State-Administered CDBG Cluster				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Indiana Office of Community and Rural Affairs			
Let's Fire Department		14.228	CF-12-124	\$ 361,647
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Indiana Housing and Community Development Authority			
Housing Rehabilitation		14.228	HD-011-031	470,077
Total - Department of Housing and Urban Development				831,724
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster				
Highway Planning and Construction	Indiana Department of Transportation			
Bridge 2 Replacement		20.205	DES 1005700	101,813
Bridge 18 Replacement		20.205	DES 9384930	79,107
Pedestrian Trail		20.205	DES 0902213	6,167
Bridge Inspections		20.205	DES 0810573	10,863
Bridge Inspections		20.205	DES 1297656	33,760
Total - Highway Planning and Construction Cluster				231,710
Highway Safety Cluster				
State and Community Highway Safety	Indiana Criminal Justice Institute			
Traffic Safety OPO Enforcement Grant		20.600	D3-13-7297	6,000
2012 OPO Banquet Awards		20.600	D3-13-7944	5,000
Dangerous Driving Enforcement		20.600	D3-13-8042	4,938
Total - State and Community Highway Safety				15,938
Occupant Protection Incentive Grants				
Rural Demonstration Project	Indiana Criminal Justice Institute			
Total - Highway Safety Cluster		20.602	D3-13-7997	4,361
Total - Department of Transportation				20,299
<u>Department of Health and Human Services</u>				
Drug-Free Communities Support Program Grants				
Decatur County Community Action Coalition	Direct Grant			
		93.276	5H79SP013007-08	111,611
Child Support Enforcement	Indiana Department of Child Services			
Clerk's Expenditures		93.563	2013	4,958
Prosecutor's Expenditures		93.563	2013	103,186
Indirect Costs		93.563	2013	29,942
Prosecutor Incentive		93.563	2013	21,058
Clerks Incentive		93.563	2013	5,318
General Incentive		93.563	2013	5,485
Total - Child Support Enforcement				169,947
ARRA - Child Support Enforcement	Indiana Department of Child Services			
Prosecutor ARRA		93.563	2013	1,693
Total - Department of Health and Human Services				283,251
<u>Department of Homeland Security</u>				
Emergency Management Performance Grants	Indiana Department of Homeland Security			
Salary Reimbursement		97.042	C44P-3-247B	8,424
Equipment		97.042	C44P-3-073B	4,042
Total - Department of Homeland Security				12,466
Total federal awards expended				\$ 1,379,450

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

DECATUR 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.

DECATUR 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? Significant deficiencies identified?	yes none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major program: Material weaknesses identified? Significant deficiencies identified?	yes none reported
Type of auditor's report issued on compliance for major program:	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 Program:

Name of Federal Program or Cluster

CDBG - State-Administered CDBG Cluster

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.

During the audit of the SEFA, we noted the following errors: the schedule did not include the Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii program (CFDA 14.228) which resulted in an understatement of \$831,724; the Highway Planning and Construction program (CFDA 20.205) was understated by \$114,696; the State and Community Highway Safety program

DECATUR COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(CFDA 20.600) was understated by \$639; the Occupant Protection Incentive Grants program (CFDA 20.602) was understated by \$4,361; the Drug-Free Communities Support Program Grants program (CFDA 93.276) was understated by \$12,505; the Child Support Enforcement program (CFDA 93.563) was understated by \$138,086; and the Emergency Management Performance Grants program (CFDA 97.042) was not included which resulted in an understatement of \$12,466. 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 receiving, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards: The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

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

DECATUR COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

FINDING 2013-002 - INTERNAL CONTROLS 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 following 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 County 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. Clerk of the Circuit Court's Office - Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the Clerk of the Circuit Court's Office to reduce risks to the achievement of financial reporting objectives. The 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. Preparation of the County's Annual Financial Report: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatements 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 internal controls over the preparation of the financial statement to prevent, or detect and correct, material misstatements, including Notes to the Financial Statement. One employee in the County Auditor's Office uploaded the County's financial activity from the County's software directly into the Gateway system, a financial reporting system established by the State of Indiana to allow governmental units to file annual financial reports. There was no review or approval of the information by another individual prior to the submission. The Annual Financial Report was used to prepare the financial statement presented in this report. Control activities should be in place to reduce the risks of errors in financial reporting.
4. Payroll Disbursements: The County Auditor's Office has not separated incompatible activities related to payroll and payroll related liabilities. The failure to establish these controls could enable material misstatements or irregularities to remain undetected. The County's payroll processing was primarily handled by one employee in the County Auditor's Office. This same employee was also responsible for calculating and making all employee benefit payments. Supporting documentation for these benefit payments was retained in the payroll files; however, there was no evidence that a review of the documentation was completed by another employee. Also, payroll claims were not approved by the Board of County Commissioners.

DECATUR COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 Counties of Indiana, Chapter 1) (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14) (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)

Section III - Federal Award Findings and Questioned Costs

FINDING 2013-003 - INTERNAL CONTROL OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII

Federal Agency: Department of Housing and Urban Development
Federal Program: Community Development Block Grants/State's Program and
Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Federal Award Number and Year (or Other Identifying Number): HD-011-031
Pass-Through Entity: Indiana Housing and Community Development Authority

Management of the County has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Availability, Procurement and Suspension and Debarment, and Matching, Level of Effort, Earmarking. A Grant Administrator, hired by the County, prepares the claims to be reviewed and certified by the County's Fiscal Officer and approved by the Board of County Commissioners for all expenses paid from this federal program. The County received all grant agreements, invoices, and reports for approval by the Grant Administrator. The County signed the required reports but did not monitor the compliance requirements of the major program. The County relied on the Grant Administrator to comply with the previously mentioned compliance requirements and did not review their work.

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 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."

DECATUR 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 could result in the loss of federal funds to the County.

We recommended that the County's management establish controls to effectively monitor the activities of grant administrators hired by the County to ensure compliance related to the grant agreement and all compliance requirements that have a direct and material effect to the program.

FINDING 2013-004 - INTERNAL CONTROL OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII

Federal Agency: Department of Housing and Urban Development
Federal Program: Community Development Block Grants/State's Program and
Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Federal Award Number and Year (or Other Identifying Number): CF-12-124
Pass-Through Entity: Indiana Office of Community and Rural Affairs

Management of the County has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Availability, Procurement and Suspension and Debarment, and Subrecipient Monitoring. A Grant Administrator, hired by the Subrecipient, prepares the claims to be reviewed and certified by the County's fiscal officer and approved by the Board of County Commissioners for all expenses paid from this federal program. The County received all grant agreements, invoices, and reports for approval. The County signed the required reports but did not monitor the compliance requirements of the major program. The County relied on the Grant Administrator to comply with the previously mentioned compliance requirements and did not review their work.

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 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:

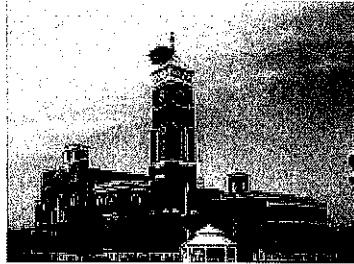
"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

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

AUDITEE PREPARED DOCUMENT

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



***Janet S. Chadwell*
*Decatur County Auditor***

150 Courthouse Square, Suite 133, Greensburg, Indiana 47240

Phone - 812-663-2570

Fax - 812-663-2242

auditor@decaturcounty.in.gov

CORRECTIVE ACTION PLAN

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

Contact Person Responsible for Corrective Action: Janet S Chadwell
Contact Phone Number: (812) 663-2570

Description of Corrective Action Plan:

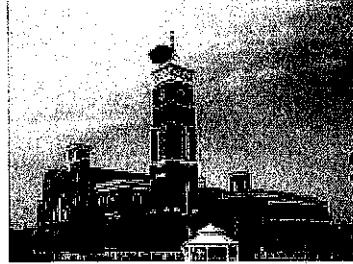
Decatur County will utilize available personnel to oversee the schedule of expenditures in all grants to address the issues brought to our attention by the State Board of Accounts.

Anticipated Completion Date: February, 2015

Janet S Chadwell
Janet S Chadwell

Decatur County Auditor

January 26, 2015
Date



**Janet S. Chadwell
Decatur County Auditor**

150 Courthouse Square, Suite 133, Greensburg, Indiana 47240
Phone - 812-663-2570
Fax - 812-663-2242
auditor@decaturcounty.in.gov

CORRECTIVE ACTION PLAN

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

Contact Person Responsible for Corrective Action: Janet S Chadwell
Contact Phone Number: (812) 663-2570

Description of Corrective Action Plan:

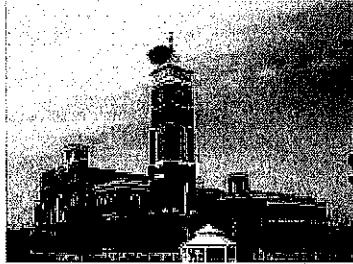
Decatur County will utilize available personnel to share the financial duties as a 'checks and balances' to address the issues brought to our attention by the State Board of Accounts.

Anticipated Completion Date: February, 2015

Janet S. Chadwell
Janet S Chadwell

Decatur County Auditor

January 26, 2015
Date



Janet S. Chadwell
Decatur County Auditor

150 Courthouse Square, Suite 133, Greensburg, Indiana 47240

Phone - 812-663-2570

Fax - 812-663-2242

auditor@decaturcounty.in.gov

CORRECTIVE ACTION PLAN

FINDING 2013-003- INTERNAL CONTROL OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII

Contact Person Responsible for Corrective Action: Janet S Chadwell

Contact Phone Number: (812) 663-2570

Description of Corrective Action Plan:

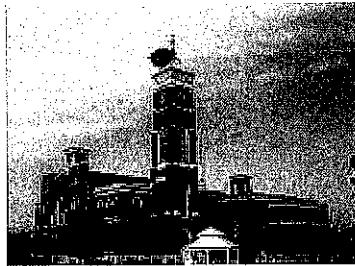
Decatur County will utilize available personnel to share the financial duties as a 'checks and balances' to address the issues brought to our attention by the State Board of Accounts.

Anticipated Completion Date: February, 2015

Janet S Chadwell
Janet S Chadwell

Decatur County Auditor

January 26, 2015
Date



**Janet S. Chadwell
Decatur County Auditor**

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Phone - 812-663-2570

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auditor@decaturcounty.in.gov

CORRECTIVE ACTION PLAN

**FINDING 2013-004- INTERNAL CONTROL OVER COMPLIANCE REQUIREMENTS THAT HAVE A
DIRECT AND MATERIAL EFFECT TO COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE'S
PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII**

Contact Person Responsible for Corrective Action: Janet S Chadwell

Contact Phone Number: (812) 663-2570

Description of Corrective Action Plan:

Decatur County will utilize available personnel to share the financial duties as a 'checks and balances' to address the issues brought to our attention by the State Board of Accounts.

Anticipated Completion Date: February, 2015

Janet S Chadwell
Janet S Chadwell

Decatur County Auditor

January 26, 2015
Date



Adina A. Roberts, Clerk

Decatur Circuit and Superior Courts

150 Courthouse Square, Suite 244, Greensburg, Indiana 47240

Phone - 812-663-8223 & 812-663-8642

Fax - 812-662-6627

clerk@decaturcounty.in.gov

CORRECTIVE ACTION PLAN

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

Contact Person Responsible for Corrective Action: Adina Roberts
Contact Phone Number: (812) 663-8223

Description of Corrective Action Plan:

We currently rotate duties, counter, bank deposits, daily balancing, daily disbursement, etc...

Please see the enclosed attachment.

Monthly reconciliation and reporting will be completed by the book keeper (Nancy) and placing her signature at the end of the statement when she completes it. A second person (Karen) will be reviewing the reconciliation and reports monthly and then placing her signature at the bottom of the reports as reviewed.

I will then turn my reports to the County Treasurer/County Auditor for receipting/depositing.

Anticipated Completion Date: 03-01-2015

Adina A. Roberts
(Signature)

Adina A. Roberts
(Title)

2-26-15

(Date)

TYPICAL WEEK	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY
Daily					
DEPOSIT MADE FROM PREVIOUS DAY.	Adina or Faith	Nancy or Karen	Annie or Somer	Anna or Janet	Adina or Karen
DAILY COUNTER	Adina or Faith	Nancy or Karen	Annie or Somer	Anna or Janet	Faith or Somer
GARNISHMENT INPUT	Nancy	Somer	Nancy	Nancy	Nancy
DAILY DRAWER BALANCING	Annie	Annie	Anna	Annie	Annie
PRINTING OF DISBURSEMENTS	Anna	Anna	Adina	Adina	Adina
FROM PREVIOUS DAY					
Monthly					
MONTHLY RECONCILIATION	Nancy				
VERIFICATION OF RECONCILIATION	Karen				
MONTHLY CLERK'S REPORTING	Nancy				
VERIFICATION OF MONTHLY	Karen				
DELIVERY TO AUDITOR/TREASURER	Adina				



Decatur County Treasurer
Mary Vail
150 Courthouse Square Suite 138
Greensburg In 47240
(812)-663-4190 Telephone
(812)-222-1807 Fax

Thursday January 22,2015

Attention: Cindy Slaven
Field Examiner
Indiana State Board of Accounts

Finding 2013-002 Internal Controls over Financial Transactions and Reporting.

Reference: Treasurer 2013 Corrective Action Plan

I have no plans to change anything at this time.

The County Council only allows two deputies, therefore we segregate
the duties the best we can.

I accept the risk.

Mary Vail
Decatur County Treasurer

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/>.