

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

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



FILED
09/25/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Celeste Reed (Vacant) Sherry Eblen	01-01-11 to 09-05-14 09-06-14 to 09-07-14 09-08-14 to 12-31-18
County Treasurer	Linda M. Greene	01-01-13 to 12-31-16
Clerk of the Circuit Court	Karen L. Mannix	01-01-11 to 12-31-18
County Sheriff	John I. Wallace	01-01-11 to 12-31-18
County Recorder	Leigh Koehler	01-01-13 to 12-31-16
President of the Board of County Commissioners	Thomas Pietrykowski Mark Cash Robert A. Little	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	Judy L. Smith Joe Craig	01-01-13 to 12-31-14 01-01-15 to 12-31-15



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF JEFFERSON COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of Jefferson 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 June 30, 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, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the financial statement. It has not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on it.


Paul D. Joyce, CPA
State Examiner

June 30, 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 JEFFERSON 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 Jefferson 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 June 30, 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

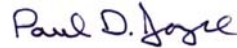
As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

Jefferson 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

June 30, 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.

JEFFERSON 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
EQUITABLE SHARING JUSTICE FUND	\$ -	\$ 11,950	\$ -	\$ 11,950
PROJECT INCOME - COMMUNITY CORRECTIONS	47,097	124,443	136,320	35,220
GENERAL	295,294	6,964,576	7,307,709	(47,839)
ACCIDENT REPORTS	799	2,105	2,628	276
3% TOWNS	592	7,283	7,354	521
CLERK RECORD PERP FUND	50,329	12,754	9,213	53,870
COCOA	-	272,000	56,579	215,421
PRISONER REIMB	2,400	-	-	2,400
SALES DISCLOSURE FEE	13,973	3,425	-	17,398
CUM BRIDGE	1,335,632	827,151	523,359	1,639,424
CUM CAP DEVELOPMENT	1,281,318	175,224	217,773	1,238,769
CUM COURTHOUSE	2,366,930	252,024	280,122	2,338,832
CUM JAIL	722,768	121,405	352,137	492,036
CUM VOTING	221,177	-	-	221,177
CO DRUG FREE	45,038	48,250	-	93,288
EMERGENCY TELEPHONE 911-PSAP	27	-	-	27
FIREARMS TRAINING	5,299	16,380	20,878	801
FAMILY VIOLENCE/VICTIM ASSISTANCE	4,204	-	-	4,204
CO ID PROTECTION ACT	62,523	2,654	-	65,177
HEALTH MAINTENANCE	28,632	33,139	31,142	30,629
LOCAL ROADS & STREETS	233,040	289,159	168,771	353,428
COUNTY MISDEMEANANT FUND	15,100	21,687	20,930	15,857
HIGHWAY	948,062	1,811,916	1,472,789	1,287,189
PLAT BOOK	6,243	165	-	6,408
RAINY DAY FUND	793,157	192,475	194,377	791,255
NEW REASSESSMENT	15,522	-	15,522	-
REASSESSMENT 2015	385,014	204,514	154,600	434,928
RECORDERS RECORDS PERPETUATION	332,655	39,242	26,940	344,957
GAMING REVENUE-HISTORIC BOARD	495,537	58,950	13,979	540,508
SEX AND VIOLENT OFFENDER ADMIN	522	2,425	2,671	276
SUPPL PUBLIC DEFENDER	43,287	44,825	10,000	78,112
SURPLUS TAX	267,627	73,071	268,678	72,020
CO SURVEYOR CORNER PERPETUAL	7,726	6,120	3,987	9,859
TAX SALE REDEMPTION	(4,983)	150,061	152,523	(7,445)
HEALTH DEPARTMENT	212,783	769,869	736,564	246,088
CENTRAL DISPATCH START UP	-	70,714	21,735	48,979
AUDITORS INELIGIBILITY DEDUCTIONS	-	77,616	47,029	30,587
RECORDERS CONT ED	3,786	2,654	-	6,440
STATEWIDE 911	254,807	362,170	175,503	441,474
ADULT PROBATION	120,511	116,347	26,449	210,409
JUV PROBATION SERVICES	9,202	3,505	175	12,532
COMMUNITY CORRECTION CTP	3,343	29,370	17,485	15,228
CEMETERY BOARD	60,404	-	15,350	45,054
COMMUNITY CORRECTIONS	51,735	53,521	96,188	9,068
ANIMAL SHELTER	62,927	165,609	160,376	68,160
SEIZED & FORFEITED PROPERTY	25,021	7,393	6,566	25,848
PAYROLL CLEARING	175,292	3,146,638	3,238,904	83,026
SHERIFF PENSION TRUST	949	16,055	12,831	4,173
SETTLEMENT	-	29,794,864	29,794,864	-
CVET	-	52,218	52,218	-
SISWD	2,644	6,500	-	9,144
FINANCIAL INSTITUTION TAX	-	147,190	147,190	-
STATE FINES & FORFEITURES	600	16,243	14,699	2,144
INFRACTION JUDGMENTS	870	13,994	14,011	853
SPECIAL DEATH BENEFITS	355	3,545	3,725	175
CORONERS TRAINING & CONT EDU	110	3,579	3,489	200

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

JEFFERSON 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
IC TRANSFER FEES	-	813	813	-
MORTGAGE RECORDING FEES-STATE	298	3,163	3,263	198
INHERITANCE TAX	98,526	456,462	534,338	20,650
EDU PLATE EXCISE	-	656	544	112
CASINO REVENUE	747,977	471,598	468,060	751,515
CONVENTION & TOURISM	-	293,597	293,597	-
HANOVER TOWN FINES	152	295	-	447
PCA FEES	8,754	1,340	1,186	8,908
PROSECUTOR ARRA INCENTIVE FUND	425	-	428	(3)
CLERK ARRA FUND	2,771	-	-	2,771
PROS ATTY INCENTIVE	74,190	16,016	888	89,318
CLERK INCENTIVE FUND	37,164	12,462	90	49,536
RIVERBOAT WAG TAX SHARING	159,945	192,101	214,832	137,214
OUT OF SCHOOL GRANT (JAIBG)	720	-	-	720
GUARDIAN AD LITEM	21,534	-	-	21,534
ALCOHOL & DRUG PROGRAM	2,690	710	-	3,400
JEFFERSON CO ORDINANCE FEE	(387)	-	-	(387)
TREASURER CASH BOOK	347,885	470,874	347,885	470,874
CLERK CASH BOOK	980,215	3,572,673	3,584,915	967,973
SHERIFF COMMISSARY	63,597	71,637	90,127	45,107
SHERIFF INMATE TRUST	19,084	224,336	219,885	23,535
CORNERSTONE SOCIETY BR STATUE	1,402	-	-	1,402
JAWS PROGRAM	122	-	-	122
COMMUNITY TRANS. PROGRAM	17,825	-	17,825	-
LAW ENFORC FED FORFEITURE FUND	1,611	-	-	1,611
ELIZ. RHODES	5,822	-	-	5,822
EXCISE POLICE	341	24	-	365
JURY FEES	8,284	2,224	-	10,508
CO CHILD ABUSE FEES	50	-	-	50
CEDIT	2,205,357	1,986,780	2,326,404	1,865,733
THINK GIS	500	-	-	500
EMERGENCY/ RIGHT TO KNOW	5,888	16,803	18,091	4,600
PRE-TRIAL DIVERSION	133,642	33,108	43,196	123,554
SRI	8,352	11,620	7,195	12,777
SURPLUS TAX SALE	930,833	622,829	973,478	580,184
CASA/GRANT	1,386	43,432	-	44,818
ELECTION & REGISTRATION	66,547	27,535	57,503	36,579
INFRACTION DEFERRAL PROGRAM	4,681	5,610	-	10,291
CEMETERY BOARD DONATIONS	8,026	-	-	8,026
ANIMAL SHELTER DONATION FUND	30,084	2,394	-	32,478
COURTHOUSE INS REST FUND	(3,766)	3,766	-	-
EDP / CASINO REV.	-	58,950	58,950	-
SHERIFF RESERVE UNIT FUND	(476)	-	224	(700)
MENTAL HEALTH	1,566	-	-	1,566
TIMBER FUND OF JEFFERSON COUNT	5,318	7,027	-	12,345
LOCAL TRUST HEALTH	36,617	10,201	22,931	23,887
JEFF CO SHERIFF CONT ED	257	749	751	255
IND STATE POLICE	33,622	1,362	568	34,416
DEPT OF NATURAL RESOURCES	793	72	199	666
CITY OF MADISON	674	1,710	-	2,384
WIC	(22,978)	99,437	76,459	-
HOMELAND SEC/SEMA	39,064	35,490	41,869	32,685
TITLE IV-D INCENTIVE FUND	29,062	10,643	-	39,705
Totals	\$ 17,123,926	\$ 55,399,466	\$ 55,442,826	\$ 17,080,566

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

JEFFERSON COUNTY
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting

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.

JEFFERSON COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

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

E. Disbursements

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

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

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

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

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.

JEFFERSON 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.

JEFFERSON COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

JEFFERSON COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

B. County Police Retirement Plan

Plan Description

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

Funding Policy

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

C. County Police Benefit Plan

Plan Description

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

Funding Policy

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. The following funds: Tax Sale Redemption, Jefferson Co Ordinance Fee, and Sheriff Reserve Unit Fund had deficits due to prior period errors that were corrected in 2014. The General fund had a deficit due to expenses exceeding appropriations.

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.

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

	EQUITABLE SHARING JUSTICE FUND	PROJECT INCOME - COMMUNITY CORRECTIONS	GENERAL	ACCIDENT REPORTS	3% TOWNS	CLERK RECORD PERP FUND	COCOA
Cash and investments - beginning	\$ -	\$ 47,097	\$ 295,294	\$ 799	\$ 592	\$ 50,329	\$ -
Receipts:							
Taxes	-	-	6,964,576	-	7,283	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	11,950	124,443	-	2,105	-	-	272,000
Fines and forfeits	-	-	-	-	-	12,754	-
Other receipts	-	-	-	-	-	-	-
Total receipts	11,950	124,443	6,964,576	2,105	7,283	12,754	272,000
Disbursements:							
Personal services	-	-	4,574,914	-	-	-	56,579
Supplies	-	-	490,965	-	-	9,213	-
Other services and charges	-	136,320	2,214,948	-	-	-	-
Capital outlay	-	-	7,808	-	-	-	-
Other disbursements	-	-	19,074	2,628	7,354	-	-
Total disbursements	-	136,320	7,307,709	2,628	7,354	9,213	56,579
Excess (deficiency) of receipts over disbursements	11,950	(11,877)	(343,133)	(523)	(71)	3,541	215,421
Cash and investments - ending	\$ 11,950	\$ 35,220	\$ (47,839)	\$ 276	\$ 521	\$ 53,870	\$ 215,421

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

	PRISONER REIMB	SALES DISCLOSURE FEE	CUM BRIDGE	CUM CAP DEVELOPMENT	CUM COURTHOUSE	CUM JAIL	CUM VOTING
Cash and investments - beginning	\$ 2,400	\$ 13,973	\$ 1,335,632	\$ 1,281,318	\$ 2,366,930	\$ 722,768	\$ 221,177
Receipts:							
Taxes	-	-	827,151	175,224	252,024	121,405	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	3,425	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	3,425	827,151	175,224	252,024	121,405	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	217,773	280,122	-	-
Other services and charges	-	-	-	-	-	352,137	-
Capital outlay	-	-	523,359	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	-	523,359	217,773	280,122	352,137	-
Excess (deficiency) of receipts over disbursements	-	3,425	303,792	(42,549)	(28,098)	(230,732)	-
Cash and investments - ending	\$ 2,400	\$ 17,398	\$ 1,639,424	\$ 1,238,769	\$ 2,338,832	\$ 492,036	\$ 221,177

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

	CO DRUG FREE	EMERGENCY TELEPHONE 911-PSAP	FIREARMS TRAINING	FAMILY VIOLENCE/VICTIM ASSISTANCE	CO ID PROTECTION ACT	HEALTH MAINTENANCE
Cash and investments - beginning	\$ 45,038	\$ 27	\$ 5,299	\$ 4,204	\$ 62,523	\$ 28,632
Receipts:						
Taxes	-	-	-	-	2,654	33,139
Licenses and permits	-	-	16,380	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	48,250	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	48,250	-	16,380	-	2,654	33,139
Disbursements:						
Personal services	-	-	-	-	-	31,142
Supplies	-	-	20,878	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	-	20,878	-	-	31,142
Excess (deficiency) of receipts over disbursements	48,250	-	(4,498)	-	2,654	1,997
Cash and investments - ending	\$ 93,288	\$ 27	\$ 801	\$ 4,204	\$ 65,177	\$ 30,629

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

	LOCAL ROADS & STREETS	COUNTY MISDEMEANANT FUND	HIGHWAY	PLAT BOOK	RAINY DAY FUND	NEW REASSESSMENT
Cash and investments - beginning	\$ 233,040	\$ 15,100	\$ 948,062	\$ 6,243	\$ 793,157	\$ 15,522
Receipts:						
Taxes	289,159	21,687	1,811,916	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	192,475	-
Charges for services	-	-	-	165	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>289,159</u>	<u>21,687</u>	<u>1,811,916</u>	<u>165</u>	<u>192,475</u>	<u>-</u>
Disbursements:						
Personal services	-	-	1,174,308	-	-	-
Supplies	-	-	296,055	-	-	-
Other services and charges	168,771	20,930	2,426	-	194,377	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	15,522
Total disbursements	<u>168,771</u>	<u>20,930</u>	<u>1,472,789</u>	<u>-</u>	<u>194,377</u>	<u>15,522</u>
Excess (deficiency) of receipts over disbursements	<u>120,388</u>	<u>757</u>	<u>339,127</u>	<u>165</u>	<u>(1,902)</u>	<u>(15,522)</u>
Cash and investments - ending	<u>\$ 353,428</u>	<u>\$ 15,857</u>	<u>\$ 1,287,189</u>	<u>\$ 6,408</u>	<u>\$ 791,255</u>	<u>\$ -</u>

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

	REASSESSMENT 2015	RECORDERS RECORDS PERPETUATION	GAMING REVENUE-HISTORIC BOARD	SEX AND VIOLENT OFFENDER ADMIN	SUPPL PUBLIC DEFENDER	SURPLUS TAX
Cash and investments - beginning	\$ 385,014	\$ 332,655	\$ 495,537	\$ 522	\$ 43,287	\$ 267,627
Receipts:						
Taxes	204,514	-	-	-	44,825	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	58,950	-	-	-
Charges for services	-	39,242	-	-	-	-
Fines and forfeits	-	-	-	2,425	-	-
Other receipts	-	-	-	-	-	73,071
Total receipts	<u>204,514</u>	<u>39,242</u>	<u>58,950</u>	<u>2,425</u>	<u>44,825</u>	<u>73,071</u>
Disbursements:						
Personal services	-	-	-	2,671	10,000	-
Supplies	-	26,940	13,979	-	-	-
Other services and charges	154,600	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	268,678
Total disbursements	<u>154,600</u>	<u>26,940</u>	<u>13,979</u>	<u>2,671</u>	<u>10,000</u>	<u>268,678</u>
Excess (deficiency) of receipts over disbursements	<u>49,914</u>	<u>12,302</u>	<u>44,971</u>	<u>(246)</u>	<u>34,825</u>	<u>(195,607)</u>
Cash and investments - ending	<u>\$ 434,928</u>	<u>\$ 344,957</u>	<u>\$ 540,508</u>	<u>\$ 276</u>	<u>\$ 78,112</u>	<u>\$ 72,020</u>

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

	CO SURVEYOR CORNER PERPETUAL	TAX SALE REDEMPTION	HEALTH DEPARTMENT	CENTRAL DISPATCH START UP	AUDITORS INELIGIBILITY DEDUCTIONS	RECORDERS CONT ED
Cash and investments - beginning	\$ 7,726	\$ (4,983)	\$ 212,783	\$ -	\$ -	\$ 3,786
Receipts:						
Taxes	-	-	769,869	-	77,616	-
Licenses and permits	6,120	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	150,061	-	70,714	-	2,654
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	6,120	150,061	769,869	70,714	77,616	2,654
Disbursements:						
Personal services	-	-	736,564	21,735	-	-
Supplies	3,987	-	-	-	47,029	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	152,523	-	-	-	-
Total disbursements	3,987	152,523	736,564	21,735	47,029	-
Excess (deficiency) of receipts over disbursements	2,133	(2,462)	33,305	48,979	30,587	2,654
Cash and investments - ending	\$ 9,859	\$ (7,445)	\$ 246,088	\$ 48,979	\$ 30,587	\$ 6,440

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

	STATEWIDE 911	ADULT PROBATION	JUV PROBATION SERVICES	COMMUNITY CORRECTION CTP	CEMETERY BOARD	COMMUNITY CORRECTIONS
Cash and investments - beginning	\$ 254,807	\$ 120,511	\$ 9,202	\$ 3,343	\$ 60,404	\$ 51,735
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	362,170	116,347	3,505	29,370	-	53,521
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>362,170</u>	<u>116,347</u>	<u>3,505</u>	<u>29,370</u>	<u>-</u>	<u>53,521</u>
Disbursements:						
Personal services	175,503	26,449	-	-	-	-
Supplies	-	-	175	-	15,350	-
Other services and charges	-	-	-	17,485	-	96,188
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>175,503</u>	<u>26,449</u>	<u>175</u>	<u>17,485</u>	<u>15,350</u>	<u>96,188</u>
Excess (deficiency) of receipts over disbursements	<u>186,667</u>	<u>89,898</u>	<u>3,330</u>	<u>11,885</u>	<u>(15,350)</u>	<u>(42,667)</u>
Cash and investments - ending	<u>\$ 441,474</u>	<u>\$ 210,409</u>	<u>\$ 12,532</u>	<u>\$ 15,228</u>	<u>\$ 45,054</u>	<u>\$ 9,068</u>

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

	ANIMAL SHELTER	SEIZED & FORFEITED PROPERTY	PAYROLL CLEARING	SHERIFF PENSION TRUST	SETTLEMENT	CVET
Cash and investments - beginning	\$ 62,927	\$ 25,021	\$ 175,292	\$ 949	\$ -	\$ -
Receipts:						
Taxes	-	-	3,146,638	16,055	29,794,864	-
Licenses and permits	165,609	-	-	-	-	-
Intergovernmental	-	-	-	-	-	52,218
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	7,393	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>165,609</u>	<u>7,393</u>	<u>3,146,638</u>	<u>16,055</u>	<u>29,794,864</u>	<u>52,218</u>
Disbursements:						
Personal services	-	-	3,238,904	12,831	-	-
Supplies	160,376	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	6,566	-	-	29,794,864	52,218
Total disbursements	<u>160,376</u>	<u>6,566</u>	<u>3,238,904</u>	<u>12,831</u>	<u>29,794,864</u>	<u>52,218</u>
Excess (deficiency) of receipts over disbursements	<u>5,233</u>	<u>827</u>	<u>(92,266)</u>	<u>3,224</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 68,160</u>	<u>\$ 25,848</u>	<u>\$ 83,026</u>	<u>\$ 4,173</u>	<u>\$ -</u>	<u>\$ -</u>

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

	SISWD	FINANCIAL INSTITUTION TAX	STATE FINES & FORFEITURES	INFRACTION JUDGMENTS	SPECIAL DEATH BENEFITS	CORONERS TRAINING & CONT EDU
Cash and investments - beginning	\$ 2,644	\$ -	\$ 600	\$ 870	\$ 355	\$ 110
Receipts:						
Taxes	6,500	-	-	-	3,545	3,579
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	147,190	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	16,243	13,994	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>6,500</u>	<u>147,190</u>	<u>16,243</u>	<u>13,994</u>	<u>3,545</u>	<u>3,579</u>
Disbursements:						
Personal services	-	-	-	-	-	3,489
Supplies	-	-	-	14,011	-	-
Other services and charges	-	-	14,699	-	3,725	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	147,190	-	-	-	-
Total disbursements	<u>-</u>	<u>147,190</u>	<u>14,699</u>	<u>14,011</u>	<u>3,725</u>	<u>3,489</u>
Excess (deficiency) of receipts over disbursements	<u>6,500</u>	<u>-</u>	<u>1,544</u>	<u>(17)</u>	<u>(180)</u>	<u>90</u>
Cash and investments - ending	<u>\$ 9,144</u>	<u>\$ -</u>	<u>\$ 2,144</u>	<u>\$ 853</u>	<u>\$ 175</u>	<u>\$ 200</u>

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

	IC TRANSFER FEES	MORTGAGE RECORDING FEES-STATE	INHERITANCE TAX	EDU PLATE EXCISE	CASINO REVENUE	CONVENTION & TOURISM
Cash and investments - beginning	\$ -	\$ 298	\$ 98,526	\$ -	\$ 747,977	\$ -
Receipts:						
Taxes	-	-	-	-	-	293,597
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	456,462	656	471,598	-
Charges for services	813	3,163	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	813	3,163	456,462	656	471,598	293,597
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	3,263	-	-	-	-
Other services and charges	813	-	-	-	468,060	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	534,338	544	-	293,597
Total disbursements	813	3,263	534,338	544	468,060	293,597
Excess (deficiency) of receipts over disbursements	-	(100)	(77,876)	112	3,538	-
Cash and investments - ending	\$ -	\$ 198	\$ 20,650	\$ 112	\$ 751,515	\$ -

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

	HANOVER TOWN FINES	PCA FEES	PROSECUTOR ARRA INCENTIVE FUND	CLERK ARRA FUND	PROS ATTY INCENTIVE	CLERK INCENTIVE FUND
Cash and investments - beginning	\$ 152	\$ 8,754	\$ 425	\$ 2,771	\$ 74,190	\$ 37,164
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	1,340	-	-	-	12,462
Fines and forfeits	295	-	-	-	-	-
Other receipts	-	-	-	-	16,016	-
Total receipts	295	1,340	-	-	16,016	12,462
Disbursements:						
Personal services	-	-	-	-	888	-
Supplies	-	-	-	-	-	90
Other services and charges	-	-	428	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	1,186	-	-	-	-
Total disbursements	-	1,186	428	-	888	90
Excess (deficiency) of receipts over disbursements	295	154	(428)	-	15,128	12,372
Cash and investments - ending	\$ 447	\$ 8,908	\$ (3)	\$ 2,771	\$ 89,318	\$ 49,536

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

	RIVERBOAT WAG TAX SHARING	OUT OF SCHOOL GRANT (JAIBG)	GUARDIAN AD LITEM	ALCOHOL & DRUG PROGRAM	JEFFERSON CO ORDINANCE FEE	TREASURER CASH BOOK
Cash and investments - beginning	\$ 159,945	\$ 720	\$ 21,534	\$ 2,690	\$ (387)	\$ 347,885
Receipts:						
Taxes	-	-	-	-	-	470,874
Licenses and permits	-	-	-	-	-	-
Intergovernmental	192,101	-	-	710	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	192,101	-	-	710	-	470,874
Disbursements:						
Personal services	-	-	-	-	-	347,885
Supplies	214,832	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	214,832	-	-	-	-	347,885
Excess (deficiency) of receipts over disbursements	(22,731)	-	-	710	-	122,989
Cash and investments - ending	\$ 137,214	\$ 720	\$ 21,534	\$ 3,400	\$ (387)	\$ 470,874

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

	CLERK CASH BOOK	SHERIFF COMMISSARY	SHERIFF INMATE TRUST	CORNERSTONE SOCIETY BR STATUE	JAWS PROGRAM	COMMUNITY TRANS. PROGRAM
Cash and investments - beginning	\$ 980,215	\$ 63,597	\$ 19,084	\$ 1,402	\$ 122	\$ 17,825
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	224,336	-	-	-
Fines and forfeits	3,572,673	71,637	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	<u>3,572,673</u>	<u>71,637</u>	<u>224,336</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:						
Personal services	3,584,915	90,127	219,885	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	17,825
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>3,584,915</u>	<u>90,127</u>	<u>219,885</u>	<u>-</u>	<u>-</u>	<u>17,825</u>
Excess (deficiency) of receipts over disbursements	<u>(12,242)</u>	<u>(18,490)</u>	<u>4,451</u>	<u>-</u>	<u>-</u>	<u>(17,825)</u>
Cash and investments - ending	<u>\$ 967,973</u>	<u>\$ 45,107</u>	<u>\$ 23,535</u>	<u>\$ 1,402</u>	<u>\$ 122</u>	<u>\$ -</u>

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

	LAW ENFORC FED FORFEITURE FUND	ELIZ. RHODES	EXCISE POLICE	JURY FEES	CO CHILD ABUSE FEES	CREDIT
Cash and investments - beginning	\$ 1,611	\$ 5,822	\$ 341	\$ 8,284	\$ 50	\$ 2,205,357
Receipts:						
Taxes	-	-	-	-	-	1,986,780
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	24	2,224	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	-	-	24	2,224	-	1,986,780
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	2,326,404
Total disbursements	-	-	-	-	-	2,326,404
Excess (deficiency) of receipts over disbursements	-	-	24	2,224	-	(339,624)
Cash and investments - ending	\$ 1,611	\$ 5,822	\$ 365	\$ 10,508	\$ 50	\$ 1,865,733

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

	THINK GIS	EMERGENCY/ RIGHT TO KNOW	PRE-TRIAL DIVERSION	SRI	SURPLUS TAX SALE	CASA/GRANT
Cash and investments - beginning	\$ 500	\$ 5,888	\$ 133,642	\$ 8,352	\$ 930,833	\$ 1,386
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	16,803	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	622,829	43,432
Fines and forfeits	-	-	33,108	-	-	-
Other receipts	-	-	-	11,620	-	-
Total receipts	-	16,803	33,108	11,620	622,829	43,432
Disbursements:						
Personal services	-	-	43,196	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	18,091	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	-	7,195	973,478	-
Total disbursements	-	18,091	43,196	7,195	973,478	-
Excess (deficiency) of receipts over disbursements	-	(1,288)	(10,088)	4,425	(350,649)	43,432
Cash and investments - ending	\$ 500	\$ 4,600	\$ 123,554	\$ 12,777	\$ 580,184	\$ 44,818

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

	ELECTION & REGISTRATION	INFRACTION DEFERRAL PROGRAM	CEMETERY BOARD DONATIONS	ANIMAL SHELTER DONATION FUND	COURTHOUSE INS REST FUND	EDP / CASINO REV.
Cash and investments - beginning	\$ 66,547	\$ 4,681	\$ 8,026	\$ 30,084	\$ (3,766)	\$ -
Receipts:						
Taxes	-	-	-	-	-	58,950
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	5,610	-	-	-	-
Fines and forfeits	27,535	-	-	-	-	-
Other receipts	-	-	-	2,394	3,766	-
Total receipts	27,535	5,610	-	2,394	3,766	58,950
Disbursements:						
Personal services	57,503	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	58,950
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	57,503	-	-	-	-	58,950
Excess (deficiency) of receipts over disbursements	(29,968)	5,610	-	2,394	3,766	-
Cash and investments - ending	\$ 36,579	\$ 10,291	\$ 8,026	\$ 32,478	\$ -	\$ -

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

	SHERIFF RESERVE UNIT FUND	MENTAL HEALTH	TIMBER FUND OF JEFFERSON COUNT	LOCAL TRUST HEALTH	JEFF CO SHERIFF CONT ED	IND STATE POLICE
Cash and investments - beginning	\$ (476)	\$ 1,566	\$ 5,318	\$ 36,617	\$ 257	\$ 33,622
Receipts:						
Taxes	-	-	-	-	749	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	10,201	-	-
Charges for services	-	-	7,027	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	-	-	-	1,362
Total receipts	-	-	7,027	10,201	749	1,362
Disbursements:						
Personal services	-	-	-	22,931	-	-
Supplies	224	-	-	-	-	-
Other services and charges	-	-	-	-	751	568
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	224	-	-	22,931	751	568
Excess (deficiency) of receipts over disbursements	(224)	-	7,027	(12,730)	(2)	794
Cash and investments - ending	\$ (700)	\$ 1,566	\$ 12,345	\$ 23,887	\$ 255	\$ 34,416

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

	DEPT OF NATURAL RESOURCES	CITY OF MADISON	WIC	HOMELAND SEC/SEMA	TITLE IV-D INCENTIVE FUND	Totals
Cash and investments - beginning	\$ 793	\$ 674	\$ (22,978)	\$ 39,064	\$ 29,062	\$ 17,123,926
Receipts:						
Taxes	-	-	-	-	-	47,385,173
Licenses and permits	-	-	-	-	-	204,912
Intergovernmental	-	-	-	-	-	1,582,561
Charges for services	72	-	99,437	35,490	10,643	2,310,574
Fines and forfeits	-	-	-	-	-	3,806,307
Other receipts	-	1,710	-	-	-	109,939
Total receipts	72	1,710	99,437	35,490	10,643	55,399,466
Disbursements:						
Personal services	-	-	-	-	-	14,432,419
Supplies	199	-	-	-	-	1,815,461
Other services and charges	-	-	76,459	41,869	-	4,060,420
Capital outlay	-	-	-	-	-	531,167
Other disbursements	-	-	-	-	-	34,603,359
Total disbursements	199	-	76,459	41,869	-	55,442,826
Excess (deficiency) of receipts over disbursements	(127)	1,710	22,978	(6,379)	10,643	(43,360)
Cash and investments - ending	\$ 666	\$ 2,384	\$ -	\$ 32,685	\$ 39,705	\$ 17,080,566

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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

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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 JEFFERSON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

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

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 items 2013-003 and 2013-005. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance


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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2013-003, 2013-004, and 2013-005 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

June 30, 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 prepared by management of the County. The schedule and note are presented as intended by the County.

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

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Agriculture</u>			
Indiana State Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children WIC	10.557	WIC-138-1	\$ 80,887
Total-Department of Agriculture			80,887
<u>Department of Commerce</u>			
Indiana Office of Technology ARRA - State Broadband Data and Development Grant Program ARRA - IOT Broadband	11.558	PSF1-4-052A	4,000
Total - Department of Commerce			4,000
<u>Department of Housing and Urban Development</u>			
Indiana Office of Community and Rural Affairs CDBG-State Administered CDBG Cluster Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii Audubon Park	14.228	DR2-09-230	151,853
Total - Department of Housing and Urban Development			151,853
<u>Department of Transportation</u>			
Indiana Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction Bridge Inspections Bridge 1 Bridge Inspections	20.205	Des #0500087 Des #0800774 Des #1000018	4,999 32,480 36,170
Total for cluster			73,649
Indiana Department of Homeland Security Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	C44P-3-091B	13,372
Total - Department of Transportation			87,021

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

JEFFERSON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2013
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Health and Human Services</u>			
Indiana State Department of Health Public Health Emergency Preparedness 2011 Public Health Preparedness and Response for Bioterrorism	93.069	BPRS 138-75	<u>14,029</u>
Indiana State Department of Health Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements 2012 HPP and PHEP Cooperative Agreements	93.074	BPRS 138-70	<u>19,414</u>
Indiana State Department of Health Centers for Disease Control and Prevention_ Investigations and Technical Assistance Bio Preparedness and Response Program	93.283	BPRS 138-75	<u>3,805</u>
Indiana Department of Child Services Child Support Enforcement Child Support Enforcement	93.563	FY2013	<u>182,627</u>
Total-Department of Health and Human Services			<u>219,875</u>
<u>Department of Homeland Security</u>			
Indiana Department of Homeland Security Emergency Management Performance Grants Performance Grant 2011 Performance Grant 2012	97.042	C44P-3-033B C44P-3-270B	<u>4,054</u> <u>19,770</u>
Total for Program			<u>23,824</u>
Indiana Department of Homeland Security Homeland Security Grant Program Homeland Security Grant 12 Homeland Security Grant 11	97.067	C44P-3-371B C44P-3-322B	<u>7,139</u> <u>6,250</u>
Total for Program			<u>13,389</u>
Total - Department of Homeland Security			<u>37,213</u>
Total federal awards expended			<u>\$ 580,849</u>

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

JEFFERSON 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.

JEFFERSON 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	CDBG - State Administered CDBG Cluster Child Support Enforcement

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

Auditee qualified as low-risk auditee?	no
----------------------------------------	----

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 Auditor prepares and submits the SEFA, but there is no internal control in place to ensure the accuracy of the 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.

JEFFERSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

(a) The following federal programs were overstated or (understated) on the SEFA prepared by the County:

<u>CFDA Number</u>	<u>Amount Overstated (Understated)</u>
10.557	\$ 36,648
14.228	(151,853)
93.074	(1,134)
93.283	16,695
93.563	(181,773)
97.042	<u>(7,021)</u>
Total	<u>\$ (288,438)</u>

(b) The following federal programs were not included on the SEFA prepared by the County, which resulted in the following understatements:

<u>CFDA Number</u>	<u>Amount (Understated)</u>
20.205	\$ (73,648)
20.703	(13,372)
93.069	(14,029)
97.067	<u>(13,389)</u>
Total	<u>\$ (114,438)</u>

Audit adjustments were proposed, accepted by the County, and made to the SEFA presented in this report.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

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

JEFFERSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

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

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

1. Preparation of the County's Annual Financial Report: Effective internal control over financial reporting involves the identification and analysis of 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. The County Auditor

JEFFERSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

enters the County's financial activity into the Gateway system, a financial reporting system established by the State of Indiana to allow governmental units to file annual financial reports. No control was identified that would ensure the accuracy of the financial activity entered into the Gateway system. The Annual Financial Report was used to prepare the financial statement presented in this report. Control activities should be in place over the preparation of the County's Annual Financial Report to reduce the risks of errors in financial reporting.

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 cash and investment balances, receipts, and disbursements. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

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) (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 - REPORTING

Federal Agency: Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 93.563
Federal Award Number and Year (or Other Identifying Number): FY2013
Pass-Through Entity: Indiana Department of Child Services

Internal Controls

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 Reporting compliance requirements. The failure to establish an effective internal control system places the County at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

The Quarterly Incentive Balance Reports (State Form 54766) submitted to the Indiana Department of Child Services by the County were prepared and certified by the County Auditor. No control was identified that would ensure the accuracy of these reports.

JEFFERSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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."

Compliance

The Quarterly Incentive Balance Reports (State Form 54766) submitted for the first and second quarter of 2013 did not agree with the County's records. Incentive fund balances reported were understated by \$6,610 and \$22,922, in total, for the first and second quarters, respectively.

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

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

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income."

The failure to establish internal controls enabled 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, including segregation of duties, related to the grant agreement and compliance requirements listed above that have a direct and material effect to the program.

JEFFERSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2013-004 - DAVIS-BACON ACT

Federal Agency: Department of Housing and Urban Development
Federal Program: Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Federal Award Number and Year (or Other Identifying Number): DR2-09-230
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 Davis-Bacon Act compliance requirements. The failure to establish an effective internal control system places the County at risk of noncompliance with the Grant Agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

The County hired a Grant Administrator who received and reviewed certified payrolls from contractors paid from the program. The County relied on the Grant Administrator for compliance with the Davis-Bacon Act requirements. No controls were identified at the County that would ensure compliance with these requirements.

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, including segregation of duties, related to the grant agreement and compliance requirements listed above.

JEFFERSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2013-005 - REPORTING

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): DR2-09-230

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

Internal Controls

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 Reporting compliance requirements. The failure to establish an effective internal control system places the County at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Semiannual Reports submitted by the County were prepared by a grant administrator and certified by the President of the Board of County Commissioners. Our review of these reports identified errors in the reports submitted. The review of the reports by the County did not prevent or detect the errors.

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."

Compliance

The ending cash balance was overstated by \$528,513 on two of the four Semiannual Reports tested. Project expenditures reported did not agree to the County's records by \$53,774 and \$42,524 on two of the four Semiannual Reports tested.

24 CFR 85.20 "Standards for financial management systems" states in part:

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

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

JEFFERSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

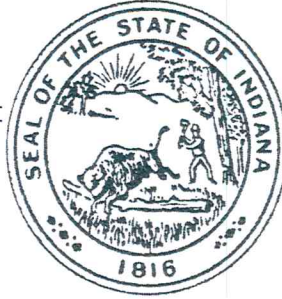
- (2) Accounting records. Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially - assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated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

The failure to establish internal controls enabled 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, including segregation of duties, related to the grant agreement and compliance requirements listed above 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.



CORRECTIVE ACTION PLAN

****Auditor – For 2013 - Celeste Reed**

FINDING 2013-001- Preparation of the Schedule of Expenditures of Federal Awards

Contact Person Responsible for Corrective Action: Auditor - Sherry Eblen

Contact Phone Number: 812-265-8966

Description of Corrective Action Plan:

In the future Jefferson County will be more pro-active in assuring that all appropriate personnel to oversee the schedule of expenditures in all grants and other federal monies that are receipted and or disbursed as to be in compliance with the State Board of Accounts.

Anticipated Completion Date: Annual Report for 2015

FINDING 2013-002 – Internal Controls over Financial Transactions and Reporting

Description of Corrective Action Plan:

Jefferson County will increase more internal control with bringing this information to the appropriate personnel to assure accurate transactions and reporting to become compliant in our Checks and Balances also with Laws and Regulations.

Anticipated Completion Date: 06/15/2015 ongoing

FINDING 2013-003- Reporting

Description of Corrective Action Plan:

Jefferson County plans to improve Internal Control of the Reporting by making sure there are segregation of duties to assure proper oversight, reviews and approvals take place to the appropriate personnel as to prevent or detect and or correct any deficiency in the reporting process.

Anticipated Completion Date: 06/15/2015 ongoing

FINDING 2013-004- DAVIS-BACON ACT

Description of Correction Action Plan:

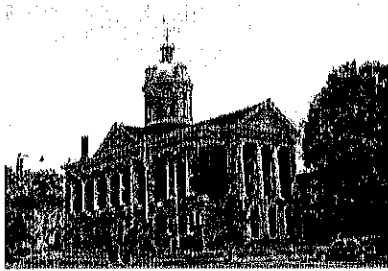
Jefferson County will put in place oversight precautions anytime we have or have inter-into with a Federal Programs/Block Grants and Non-Entitlement Grants

Anticipated Completion Date: 06/15/2015 on-going

Sherry Eber
(Signature)

Auditor
(Title)

6/15/2015
(Date)



Jefferson County Clerk

Courthouse, Room 203

300 E. Main Street

Madison, Indiana 47250

Phone: (812) 265-8924 ext. 1924 Fax: (812) 273-5428

FINDING 2013-002

Contact Person Responsible for Corrective Action:

Karen L. Mannix, Clerk

Contact Phone Number:

812-265-7614

Description of Corrective Action Plan:

The Jefferson County Clerk of the Circuit Court's office has implemented the following plan which became effect june 22, 2015:

The persons receiving money for payment on fines, fees or judgments is receipted in by five (5) individuals. Cash Receipts for Bonds is included in the receipt of the payments. Each of these five (5) individuals have their own cash bag that they keep locked up in their desk. At the end of the banking day (around 1:00 p.m.) each person balances out their judicial drawer and child support batch. Each person is responsible for their bag and if any money is short, they are responsible for replacing the money with their own private funds. Once the money is balanced, it is brought to the bookkeeper who does another balance check on all judicial drawers and child support batches. The total of all the drawers and batches should equal the total amount of receipts of the day according to the end of day report. The bookkeeper then prepares the deposit slips for the day's receipts. After the deposit is prepared, the report, along with the deposit is given to the Clerk or a designee for confirmation that the two numbers agree and balance. The bank deposit is done by whomever is available (sometimes the bookkeeper does the bank deposit). In the morning, another report is run which then includes the child support amounts. Both the morning report and the day end report are given to the Clerk or a designee for confirmation that the two numbers match (balance).

The checks are prepared and printed according to the morning report. They are then prepared for mailing. The report is looked at by another deputy clerk in the office who confirms the amounts given and the checks written. The checks are then mailed out.

Cash and Investment Balances: When the bank statement is received by the Clerk's office, the Clerk now reconciles the bank statements for all four accounts (Judicial, Child Support, Savings Trust (investment) Account, and a Trust Account for a PL case).

Anticipated Completion Date:

This process is an ongoing check and balances. The implementation has already taken effect. However, polishing it and reviewing the same is an ongoing procedure. Therefore, no "completion date" is written.

Cash and Investment Balances: This procedure will take effect immediately.

Karen Mannix
(Signature)

Clerk
(Title)

June 24, 2015
(Date)



CORRECTIVE ACTION PLAN

FINDING 2013-005- Reporting

Contact Person Responsible for Corrective Action: Commissioner President - Bobby Little
Auditor - Sherry Eblen

Contact Phone Number: 812-265-8966

Description of Corrective Action Plan:

Jefferson County Commissioners will set in place Internal Control RE: Federal Programs to so that proper oversight, reviews and approvals take place as to prevent any discrepancy in future.

Anticipated Completion Date: 06/16/2015 ongoing

Bobby A. Little
(Signature)

Commissioner.
(Title)

6-30-15
(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/>.