

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF
GIBSON COUNTY, INDIANA
January 1, 2014 to December 31, 2014



FILED
01/26/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Sherri Smith	01-01-13 to 12-31-16
County Treasurer	Mary Key	01-01-11 to 12-31-18
Clerk of the Circuit Court	Becky Woodburn James R. Morrow	01-01-11 to 12-31-14 01-01-15 to 12-31-18
County Sheriff	George Ballard Timothy Bottoms	01-01-11 to 12-31-14 01-01-15 to 12-31-18
County Recorder	Debbie Wethington Tonya Thompson	01-01-11 to 12-31-14 01-01-15 to 12-31-18
President of the Board of County Commissioners	Alan Douglas Stephen E. Bottoms	01-01-14 to 12-31-14 01-01-15 to 12-31-15
President of the County Council	Jeremy Overton	01-01-14 to 12-31-15



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF GIBSON COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of Gibson County (County), which comprises the financial position and results of operations for the year ended December 31, 2014, and the related notes to the financial statement as listed in the Table of Contents.

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, 2014.

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, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

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.


Other Information

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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated October 29, 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.


Paul D. Joyce, CPA
State Examiner

October 29, 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 GIBSON 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 Gibson County (County), which comprises the financial position and results of operations for the year ended December 31, 2014, and the related notes to the financial statement, and have issued our report thereon dated October 29, 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 2014-001, 2014-002, 2014-003, and 2014-004 to be material weaknesses.

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001, 2014-003, and 2014-004.

Gibson 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

October 29, 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.

GIBSON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2014

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
After Settlement Collections	\$ 880,251	\$ 1,021,662	\$ 880,251	\$ 1,021,662
Sheriff's Inmate Trust	9,569	190,418	187,135	12,852
GC Pros Bad Check Restitution	1,418	445	-	1,863
Jail Commissary	10,147	207,402	215,861	1,688
Clerk's Trust	462,202	4,032,335	3,986,744	507,793
General	3,749,954	12,249,529	12,735,990	3,263,493
Accident Report	4,781	7,247	838	11,190
Bid Deposits And Bonds Holding	19,000	6,000	6,000	19,000
CEDIT County Share	1,134,724	2,568,704	2,277,033	1,426,395
City And Town Court Costs	2,521	9,402	10,444	1,479
Clerk's Records Perpetuation	146,416	22,568	3,534	165,450
Community Corrections	1	286,624	286,623	2
Community Transition Program	54,836	36,210	63,255	27,791
Congressional School Interest	10,017	-	1,245	8,772
Congressional School Principal	31,133	-	-	31,133
Prisoner Reimbursement For Incarceration	31,239	17,194	41,965	6,468
Sales Disclosure - County Share	12,045	4,213	6,125	10,133
Covered Bridge	8,003	3,700	2,495	9,208
Cumulative Bridge	1,464,341	1,379,503	2,076,834	767,010
Cumulative Building	477,245	302,112	59,440	719,917
Drug Free Community	1,055	752	-	1,807
Emergency Planning/Right To Know	5,991	5,831	4,096	7,726
Firearms Training	6,045	14,812	10,264	10,593
General Drain Improvement	86,093	5,000	-	91,093
Health	253,474	306,185	347,794	211,865
Identification Security Protection	64,291	2,773	12,861	54,203
Levy Excess	1,174	-	-	1,174
Local Health Maintenance	90,751	38,469	41,818	87,402
Local Road And Street	263,085	291,651	298,605	256,131
Medical Care For Inmates	2,830	4,832	5,895	1,767
Misdemeanant	3,278	24,550	27,821	7
Motor Vehicle Highway	1,490,575	4,216,819	3,776,457	1,930,937
Rainy Day	416,593	46	17,091	399,548
Reassessment - 2015	419,143	136,957	69,239	486,861
Recorder's Records Perpetuation	159,038	71,299	61,605	168,732
Riverboat	300,063	88,456	53,317	335,202
Sex And Violent Offender Administration	8,507	3,070	-	11,577
Supplemental Public Defender Services	78,616	20,361	5,238	93,739
Surplus Tax	52,792	46,230	44,164	54,858
Surveyor's Corner Perpetuation	36,194	7,800	14,487	29,507
Tax Sale Fees	15,820	7,295	7,712	15,403
Tax Sale Redemption	3,873	46,362	46,998	3,237
Tax Sale Surplus	293,815	647,462	493,917	447,360
Local Health Department Trust Account	6,726	20,689	11,714	15,701
GAL/CASA	46,401	32,848	42,020	37,229
Auditor's Ineligible Deduction	12,215	189,833	21,186	180,862
County Elected Officials Training	7,292	2,773	-	10,065
Statewide 911	110,671	331,147	320,273	121,545
Supplemental Adult Probation Services	6,318	2,315	-	8,633
Alternative Dispute Resolution	-	8,360	650	7,710
K-9	2,167	350	-	2,517
Collection Agency Fees	1,820	1,385	1,427	1,778
Payroll Clearing	19,739	3,628,833	3,625,163	23,409
Sheriff Pension Holding	6,611	26,163	32,774	-
Settlement	-	39,662,432	39,662,432	-
Wheel Tax	-	41,437	41,437	-
Sur Tax	-	610,317	610,317	-
CVET Agency	-	363,632	363,632	-
Financial Institution Tax	-	153,269	153,269	-
HEA 1001 State Homestead Credit	(24)	24	-	-

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

GIBSON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
State Fines And Forfeitures	158	5,897	5,664	391
Infraction Judgments	4,016	23,833	26,260	1,589
Overweight Vehicle Fines	-	959	959	-
Special Death Benefit	315	2,225	2,540	-
Sales Disclosure - State Share	415	4,213	4,223	405
Coroners Training & Cont Education	76	3,152	2,920	308
Interstate Compact - State Share	125	1,625	1,375	375
Mortgage Recording Fees - State Share	215	2,626	2,638	203
Sex And Violent Offender Admin - State	5	280	270	15
Child Restraint Violations	-	575	575	-
Inheritance Tax	7,396	14,322	13,622	8,096
Education Plate Fees Agency	-	450	450	-
Riverboat Revenue Sharing	-	198,469	198,469	-
Innkeepers Tax Collections	-	233,616	233,616	-
CEDIT Distribution	-	3,799,205	3,799,205	-
93.563 Prosecutor PCA	7,486	5,785	3,462	9,809
93.563 Title IV-D Incentive	65,464	18,009	6,000	77,473
93.563 Prosecutor IV-D Incentive-Post Oct '99	60,885	27,458	20,036	68,307
93.563 Clerk IV-D Incentive-Post Oct '99	16,292	18,009	31,713	2,588
Scott Ditch	68,757	35,564	64,018	40,303
Hull Ditch	13,166	3,978	1,196	15,948
Maumee Ditch	24,636	30,507	51,561	3,582
Blair/Stormont	24,762	24,472	43,099	6,135
Wabash Levee	13,529	85,675	65,208	33,996
Black River	74,716	27,446	34,420	67,742
Patoka Conservancy	-	59,042	59,042	-
Upper Pigeon Creek Total Drain	164,575	61,916	127,654	98,837
Lillard Drainage	12,040	19,256	9,501	21,795
Metz Drainage	55,579	25,849	23,064	58,364
Brownlee Drainage	6,884	4,333	2,810	8,407
Reinhart Drainage	9,948	6,205	4,777	11,376
Robb	3,592	638	2,200	2,030
Trippett Drainage	13,517	5,053	5,471	13,099
McMullen Drainage	5,042	1,859	-	6,901
J C Moore Drainage	3,637	861	-	4,498
Greer Drainage	9,323	1,278	800	9,801
Sturgis Drainage	1,474	869	1,281	1,062
Miller Drainage	3,336	1,929	-	5,265
E S Farmer	4,801	984	410	5,375
Toelle Drainage	12,603	3,751	1,329	15,025
Comm Certificate Sale	12,854	165	11,231	1,788
Superior Court User Fees	335,508	258,673	310,781	283,400
Sup Crt Administration Fee	141,349	23,262	15,815	148,796
Circuit Crt Prob Admin	21,317	10,471	6,078	25,710
Circuit Court User Fee	158,605	56,871	88,181	127,295
Jury Fee	160,581	5,247	-	165,828
Prosecutor Deferral User Fee	54,487	65,160	87,348	32,299
Co Law Enforcement Cont Ed	78,272	7,186	5,263	80,195
Superior Court Cash Bond Adm Fund	143,588	15,929	1,199	158,318
Superior Ct Alcohol & Drug Fee	76,685	47,212	50,953	72,944
Circuit Social Service User Fee	4,128	3,000	2,773	4,355
Circuit Bond Adm Fee	7,900	5,680	1,316	12,264
EMA/Misc/Walmart/Toyota Donation	7,344	3,000	5,344	5,000
Donations EMS	2,605	-	-	2,605
Donations EMA Canine	458	725	578	605
Pocket Of Need Donations	1,200	1,894	2,133	961
Gibson County Safe Kids Donation	2	-	-	2
Health Fair Donations	1,174	-	-	1,174
Child Safety Seat Donations	1,797	-	594	1,203
Prosecutor Meth Prevention	483	-	200	283

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

GIBSON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
Self Insurance (Health)	1,022,533	3,438,194	3,379,892	1,080,835
Auditors Property Transfer Fee	16,520	10,156	2,549	24,127
Superior GAL/CASA	5,184	-	-	5,184
IV-D Enforcement Program	76	-	76	-
Distressed Road Repayment	264,513	66,129	-	330,642
Travel Vaccine	5,409	40,424	37,492	8,341
Sheriff Tax Warrants	2,145	22,753	23,211	1,687
Civil Process Server	-	1,734	1,674	60
M R U	2,150	2,000	769	3,381
CC Project Income	258,265	262,529	267,066	253,728
14.228 Comm Dev Grant Fund	24,126	377,500	377,500	24,126
11.555 Homeland Sec/EMPG PERF	2,484	-	2,202	282
16.575 Victim Assistance IV	3,315	34,283	30,459	7,139
20.600 Operation Pull Over	18,182	1,966	3,004	17,144
93.069 Bio Terrorism	2,424	24,600	19,299	7,725
16.543 Operation T.I.P.	6,255	12,359	17,349	1,265
HAVA	2	-	-	2
Tobacco Prevention & Cessation	-	29,000	29,000	-
Multi-Jurisdictional Meth Lab	3,089	-	2,949	140
D.A.R.E.	50	1,000	400	650
Comm Certificate Sale Surplus	-	3,900	-	3,900
Gibson County Drug Court	9,295	17,585	-	26,880
EMA Women's Foundation	-	1,500	-	1,500
EMA Planning/Foundation	-	50	-	50
I - 69 Projects	-	21,500	19,600	1,900
20.703 HMEP	-	10,000	10,000	-
97.042 EMPG Competitive Grant	-	5,136	5,136	-
97.067 Mitigation Planning	-	12,480	12,480	-
Patoka Union Twp EDA DS	-	6,933,349	6,845,443	87,906
Owensville North EDA DS	-	4,861	4,861	-
Patoka Union Twp EDA CP	-	16,477,134	9,362,944	7,114,190
Owensville North EDA CP	-	2,832,215	2,293,269	538,946
Totals	<u>\$ 16,327,994</u>	<u>\$ 109,319,072</u>	<u>\$ 101,257,734</u>	<u>\$ 24,389,332</u>

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

GIBSON 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.

GIBSON 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.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the County. It includes all expenditures for the reduction of the principal and interest of the County's general obligation indebtedness.

GIBSON COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

GIBSON COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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 a cost-sharing 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
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

GIBSON COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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. 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. Holding Corporation

The County has entered into a capital lease with Gibson County Facilities Holding Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the County. The lessor has been determined to be a related party of the County. Lease payments during the year 2014 totaled \$152,401.

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OTHER INFORMATION - UNAUDITED

The County's Annual Financial 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 Financial 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 other information presented was approved by management of the County. It is presented as intended by the County.

GIBSON COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014

	After Settlement Collections	Sheriff's Inmate Trust	GC Pros Bad Check Restitution	Jail Commissary	Clerk's Trust	General	Accident Report
Cash and investments - beginning	\$ 880,251	\$ 9,569	\$ 1,418	\$ 10,147	\$ 462,202	\$ 3,749,954	\$ 4,781
Receipts:							
Taxes	-	-	-	-	-	8,989,055	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	822,318	-
Charges for services	-	-	-	-	-	1,812,905	7,247
Fines and forfeits	-	-	-	-	4,032,335	116,508	-
Other receipts	1,021,662	190,418	445	207,402	-	508,743	-
Total receipts	1,021,662	190,418	445	207,402	4,032,335	12,249,529	7,247
Disbursements:							
Personal services	-	-	-	-	-	9,214,764	-
Supplies	-	-	-	-	-	545,097	-
Other services and charges	-	-	-	-	-	2,550,012	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	76,117	-
Other disbursements	880,251	187,135	-	215,861	3,986,744	350,000	838
Total disbursements	880,251	187,135	-	215,861	3,986,744	12,735,990	838
Excess (deficiency) of receipts over disbursements	141,411	3,283	445	(8,459)	45,591	(486,461)	6,409
Cash and investments - ending	\$ 1,021,662	\$ 12,852	\$ 1,863	\$ 1,688	\$ 507,793	\$ 3,263,493	\$ 11,190

GIBSON COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Bid Deposits And Bonds Holding	CEDIT County Share	City And Town Court Costs	Clerk's Records Perpetuation	Community Corrections	Community Transition Program	Congressional School Interest
Cash and investments - beginning	\$ 19,000	\$ 1,134,724	\$ 2,521	\$ 146,416	\$ 1	\$ 54,836	\$ 10,017
Receipts:							
Taxes	-	2,568,704	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	6,000	-	-	22,568	226,676	36,210	-
Fines and forfeits	-	-	9,402	-	-	-	-
Other receipts	-	-	-	-	59,948	-	-
Total receipts	6,000	2,568,704	9,402	22,568	286,624	36,210	-
Disbursements:							
Personal services	-	73,758	-	-	262,036	-	-
Supplies	-	-	-	3,534	5,422	-	-
Other services and charges	-	1,735,308	-	-	5,350	3,255	-
Debt service - principal and interest	-	158,408	-	-	-	-	-
Capital outlay	-	113,559	-	-	-	-	-
Other disbursements	6,000	196,000	10,444	-	13,815	60,000	1,245
Total disbursements	6,000	2,277,033	10,444	3,534	286,623	63,255	1,245
Excess (deficiency) of receipts over disbursements	-	291,671	(1,042)	19,034	1	(27,045)	(1,245)
Cash and investments - ending	\$ 19,000	\$ 1,426,395	\$ 1,479	\$ 165,450	\$ 2	\$ 27,791	\$ 8,772

GIBSON COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Congressional School Principal	Prisoner Reimbursement For Incarceration	Sales Disclosure - County Share	Covered Bridge	Cumulative Bridge	Cumulative Building	Drug Free Community
Cash and investments - beginning	\$ 31,133	\$ 31,239	\$ 12,045	\$ 8,003	\$ 1,464,341	\$ 477,245	\$ 1,055
Receipts:							
Taxes	-	-	-	-	1,150,692	277,498	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	228,811	24,614	-
Charges for services	-	-	4,213	3,700	-	-	-
Fines and forfeits	-	-	-	-	-	-	752
Other receipts	-	17,194	-	-	-	-	-
Total receipts	-	17,194	4,213	3,700	1,379,503	302,112	752
Disbursements:							
Personal services	-	-	-	-	120,043	-	-
Supplies	-	-	-	-	313,315	-	-
Other services and charges	-	41,965	-	2,495	794,452	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	6,125	-	849,024	59,440	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	41,965	6,125	2,495	2,076,834	59,440	-
Excess (deficiency) of receipts over disbursements	-	(24,771)	(1,912)	1,205	(697,331)	242,672	752
Cash and investments - ending	\$ 31,133	\$ 6,468	\$ 10,133	\$ 9,208	\$ 767,010	\$ 719,917	\$ 1,807

GIBSON COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Emergency Planning/Right To Know	Firearms Training	General Drain Improvement	Health	Identification Security Protection	Levy Excess	Local Health Maintenance
Cash and investments - beginning	\$ 5,991	\$ 6,045	\$ 86,093	\$ 253,474	\$ 64,291	\$ 1,174	\$ 90,751
Receipts:							
Taxes	-	-	-	240,499	-	-	-
Licenses and permits	-	-	-	44,354	-	-	5,330
Intergovernmental	-	-	-	21,332	-	-	33,139
Charges for services	5,724	14,812	-	-	2,773	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	107	-	5,000	-	-	-	-
Total receipts	5,831	14,812	5,000	306,185	2,773	-	38,469
Disbursements:							
Personal services	-	-	-	327,663	-	-	29,967
Supplies	-	-	-	8,389	-	-	4,978
Other services and charges	4,096	10,264	-	11,742	12,861	-	6,873
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	4,096	10,264	-	347,794	12,861	-	41,818
Excess (deficiency) of receipts over disbursements	1,735	4,548	5,000	(41,609)	(10,088)	-	(3,349)
Cash and investments - ending	\$ 7,726	\$ 10,593	\$ 91,093	\$ 211,865	\$ 54,203	\$ 1,174	\$ 87,402

GIBSON COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Local Road And Street	Medical Care For Inmates	Misdemeanant	Motor Vehicle Highway	Rainy Day	Reassessment - 2015	Recorder's Records Perpetuation
Cash and investments - beginning	\$ 263,085	\$ 2,830	\$ 3,278	\$ 1,490,575	\$ 416,593	\$ 419,143	\$ 159,038
Receipts:							
Taxes	-	-	-	-	-	125,799	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	291,651	-	-	3,751,733	-	11,158	-
Charges for services	-	-	24,550	-	-	-	71,299
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	4,832	-	465,086	46	-	-
Total receipts	291,651	4,832	24,550	4,216,819	46	136,957	71,299
Disbursements:							
Personal services	-	-	-	2,020,685	-	53,558	61,137
Supplies	206,031	5,895	-	731,420	-	1,539	-
Other services and charges	-	-	-	308,182	17,091	14,142	468
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	92,574	-	27,821	366,170	-	-	-
Other disbursements	-	-	-	350,000	-	-	-
Total disbursements	298,605	5,895	27,821	3,776,457	17,091	69,239	61,605
Excess (deficiency) of receipts over disbursements	(6,954)	(1,063)	(3,271)	440,362	(17,045)	67,718	9,694
Cash and investments - ending	\$ 256,131	\$ 1,767	\$ 7	\$ 1,930,937	\$ 399,548	\$ 486,861	\$ 168,732

GIBSON COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Riverboat	Sex And Violent Offender Administration	Supplemental Public Defender Services	Surplus Tax	Surveyor's Corner Perpetuation	Tax Sale Fees	Tax Sale Redemption
Cash and investments - beginning	\$ 300,063	\$ 8,507	\$ 78,616	\$ 52,792	\$ 36,194	\$ 15,820	\$ 3,873
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	88,456	-	-	-	-	-	-
Charges for services	-	3,070	-	-	7,800	7,295	-
Fines and forfeits	-	-	20,361	-	-	-	-
Other receipts	-	-	-	46,230	-	-	46,362
Total receipts	88,456	3,070	20,361	46,230	7,800	7,295	46,362
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	14,487	-	-
Other services and charges	-	-	-	-	-	7,712	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	53,317	-	-	-	-	-	-
Other disbursements	-	-	5,238	44,164	-	-	46,998
Total disbursements	53,317	-	5,238	44,164	14,487	7,712	46,998
Excess (deficiency) of receipts over disbursements	35,139	3,070	15,123	2,066	(6,687)	(417)	(636)
Cash and investments - ending	\$ 335,202	\$ 11,577	\$ 93,739	\$ 54,858	\$ 29,507	\$ 15,403	\$ 3,237

GIBSON COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Tax Sale Surplus	Local Health Department Trust Account	GAL/CASA	Auditor's Ineligible Deduction	County Elected Officials Training	Statewide 911	Supplemental Adult Probation Services
Cash and investments - beginning	\$ 293,815	\$ 6,726	\$ 46,401	\$ 12,215	\$ 7,292	\$ 110,671	\$ 6,318
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	20,689	32,848	-	2,773	331,147	-
Fines and forfeits	-	-	-	-	-	-	2,315
Other receipts	647,462	-	-	189,833	-	-	-
Total receipts	647,462	20,689	32,848	189,833	2,773	331,147	2,315
Disbursements:							
Personal services	-	9,027	29,237	-	-	125,125	-
Supplies	-	1,098	12,783	-	-	-	-
Other services and charges	-	1,589	-	-	-	193,148	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	2,000	-
Other disbursements	493,917	-	-	21,186	-	-	-
Total disbursements	493,917	11,714	42,020	21,186	-	320,273	-
Excess (deficiency) of receipts over disbursements	153,545	8,975	(9,172)	168,647	2,773	10,874	2,315
Cash and investments - ending	\$ 447,360	\$ 15,701	\$ 37,229	\$ 180,862	\$ 10,065	\$ 121,545	\$ 8,633

GIBSON COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Alternative Dispute Resolution	K-9	Collection Agency Fees	Payroll Clearing	Sheriff Pension Holding	Settlement	Wheel Tax
Cash and investments - beginning	\$ -	\$ 2,167	\$ 1,820	\$ 19,739	\$ 6,611	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	36,351,573	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	3,310,859	41,437
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	3,360	-	-	-	-	-	-
Other receipts	5,000	350	1,385	3,628,833	26,163	-	-
Total receipts	8,360	350	1,385	3,628,833	26,163	39,662,432	41,437
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	1,427	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	650	-	-	3,625,163	32,774	39,662,432	41,437
Total disbursements	650	-	1,427	3,625,163	32,774	39,662,432	41,437
Excess (deficiency) of receipts over disbursements	7,710	350	(42)	3,670	(6,611)	-	-
Cash and investments - ending	\$ 7,710	\$ 2,517	\$ 1,778	\$ 23,409	\$ -	\$ -	\$ -

GIBSON COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Sur Tax	CVET Agency	Financial Institution Tax	HEA 1001 State Homestead Credit	State Fines And Forfeitures	Infraction Judgments	Overweight Vehicle Fines
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (24)	\$ 158	\$ 4,016	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	610,317	363,632	153,269	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	5,897	23,833	959
Other receipts	-	-	-	24	-	-	-
Total receipts	610,317	363,632	153,269	24	5,897	23,833	959
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	610,317	363,632	153,269	-	5,664	26,260	959
Total disbursements	610,317	363,632	153,269	-	5,664	26,260	959
Excess (deficiency) of receipts over disbursements	-	-	-	24	233	(2,427)	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 391	\$ 1,589	\$ -

GIBSON COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Special Death Benefit	Sales Disclosure - State Share	Coroners Training & Cont Education	Interstate Compact - State Share	Mortgage Recording Fees - State Share	Sex And Violent Offender Admin - State	Child Restraint Violations
Cash and investments - beginning	\$ 315	\$ 415	\$ 76	\$ 125	\$ 215	\$ 5	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	4,213	3,152	-	2,626	-	-
Fines and forfeits	2,225	-	-	1,625	-	280	575
Other receipts	-	-	-	-	-	-	-
Total receipts	2,225	4,213	3,152	1,625	2,626	280	575
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	2,540	4,223	2,920	1,375	2,638	270	575
Total disbursements	2,540	4,223	2,920	1,375	2,638	270	575
Excess (deficiency) of receipts over disbursements	(315)	(10)	232	250	(12)	10	-
Cash and investments - ending	\$ -	\$ 405	\$ 308	\$ 375	\$ 203	\$ 15	\$ -

GIBSON COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Inheritance Tax	Education Plate Fees Agency	Riverboat Revenue Sharing	Innkeepers Tax Collections	CEDIT Distribution	93.563 Prosecutor PCA	93.563 Title IV-D Incentive
Cash and investments - beginning	\$ 7,396	\$ -	\$ -	\$ -	\$ -	\$ 7,486	\$ 65,464
Receipts:							
Taxes	-	-	-	233,616	3,799,205	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	14,322	-	198,469	-	-	-	-
Charges for services	-	-	-	-	-	5,785	18,009
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	450	-	-	-	-	-
Total receipts	14,322	450	198,469	233,616	3,799,205	5,785	18,009
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	13,622	450	198,469	233,616	3,799,205	3,462	6,000
Total disbursements	13,622	450	198,469	233,616	3,799,205	3,462	6,000
Excess (deficiency) of receipts over disbursements	700	-	-	-	-	2,323	12,009
Cash and investments - ending	\$ 8,096	\$ -	\$ -	\$ -	\$ -	\$ 9,809	\$ 77,473

GIBSON COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	93.563 Prosecutor IV-D Incentive-Post Oct '99	93.563 Clerk IV-D Incentive-Post Oct '99	Scott Ditch	Hull Ditch	Maumee Ditch	Blair/Stormont	Wabash Levee
Cash and investments - beginning	\$ 60,885	\$ 16,292	\$ 68,757	\$ 13,166	\$ 24,636	\$ 24,762	\$ 13,529
Receipts:							
Taxes	-	-	35,564	3,978	30,507	20,872	85,590
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	27,458	18,009	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	3,600	85
Total receipts	27,458	18,009	35,564	3,978	30,507	24,472	85,675
Disbursements:							
Personal services	-	17,634	-	-	-	-	-
Supplies	-	6,260	-	-	-	-	-
Other services and charges	12,722	7,819	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	7,314	-	-	-	-	-	-
Other disbursements	-	-	64,018	1,196	51,561	43,099	65,208
Total disbursements	20,036	31,713	64,018	1,196	51,561	43,099	65,208
Excess (deficiency) of receipts over disbursements	7,422	(13,704)	(28,454)	2,782	(21,054)	(18,627)	20,467
Cash and investments - ending	\$ 68,307	\$ 2,588	\$ 40,303	\$ 15,948	\$ 3,582	\$ 6,135	\$ 33,996

GIBSON COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Black River	Patoka Conservancy	Upper Pigeon Creek Total Drain	Lillard Drainage	Metz Drainage	Brownlee Drainage	Reinhart Drainage
Cash and investments - beginning	\$ 74,716	\$ -	\$ 164,575	\$ 12,040	\$ 55,579	\$ 6,884	\$ 9,948
Receipts:							
Taxes	27,446	59,042	61,869	19,256	25,849	4,333	6,205
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	47	-	-	-	-
Total receipts	27,446	59,042	61,916	19,256	25,849	4,333	6,205
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	34,420	59,042	127,654	9,501	23,064	2,810	4,777
Total disbursements	34,420	59,042	127,654	9,501	23,064	2,810	4,777
Excess (deficiency) of receipts over disbursements	(6,974)	-	(65,738)	9,755	2,785	1,523	1,428
Cash and investments - ending	\$ 67,742	\$ -	\$ 98,837	\$ 21,795	\$ 58,364	\$ 8,407	\$ 11,376

GIBSON COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Robb	Trippett Drainage	McMullen Drainage	J C Moore Drainage	Greer Drainage	Sturgis Drainage	Miller Drainage
Cash and investments - beginning	\$ 3,592	\$ 13,517	\$ 5,042	\$ 3,637	\$ 9,323	\$ 1,474	\$ 3,336
Receipts:							
Taxes	638	5,053	1,859	861	1,278	869	1,929
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>638</u>	<u>5,053</u>	<u>1,859</u>	<u>861</u>	<u>1,278</u>	<u>869</u>	<u>1,929</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	<u>2,200</u>	<u>5,471</u>	<u>-</u>	<u>-</u>	<u>800</u>	<u>1,281</u>	<u>-</u>
Total disbursements	<u>2,200</u>	<u>5,471</u>	<u>-</u>	<u>-</u>	<u>800</u>	<u>1,281</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(1,562)</u>	<u>(418)</u>	<u>1,859</u>	<u>861</u>	<u>478</u>	<u>(412)</u>	<u>1,929</u>
Cash and investments - ending	<u>\$ 2,030</u>	<u>\$ 13,099</u>	<u>\$ 6,901</u>	<u>\$ 4,498</u>	<u>\$ 9,801</u>	<u>\$ 1,062</u>	<u>\$ 5,265</u>

GIBSON COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	E S Farmer	Toelle Drainage	Comm Certificate Sale	Superior Court User Fees	Sup Crt Administration Fee	Circuit Crt Prob Admin	Circuit Court User Fee
Cash and investments - beginning	\$ 4,801	\$ 12,603	\$ 12,854	\$ 335,508	\$ 141,349	\$ 21,317	\$ 158,605
Receipts:							
Taxes	984	3,751	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	258,673	23,262	10,471	56,871
Other receipts	-	-	165	-	-	-	-
Total receipts	984	3,751	165	258,673	23,262	10,471	56,871
Disbursements:							
Personal services	-	-	-	224,064	15,815	6,078	61,987
Supplies	-	-	-	82,453	-	-	3,022
Other services and charges	-	-	-	4,264	-	-	18,112
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	5,060
Other disbursements	410	1,329	11,231	-	-	-	-
Total disbursements	410	1,329	11,231	310,781	15,815	6,078	88,181
Excess (deficiency) of receipts over disbursements	574	2,422	(11,066)	(52,108)	7,447	4,393	(31,310)
Cash and investments - ending	\$ 5,375	\$ 15,025	\$ 1,788	\$ 283,400	\$ 148,796	\$ 25,710	\$ 127,295

GIBSON COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Jury Fee	Prosecutor Deferral User Fee	Co Law Enforcement Cont Ed	Superior Court Cash Bond Adm Fund	Superior Ct Alcohol & Drug Fee	Circuit Social Service User Fee	Circuit Bond Adm Fee
Cash and investments - beginning	\$ 160,581	\$ 54,487	\$ 78,272	\$ 143,588	\$ 76,685	\$ 4,128	\$ 7,900
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	5,247	65,160	7,186	15,929	47,212	3,000	5,680
Other receipts	-	-	-	-	-	-	-
Total receipts	5,247	65,160	7,186	15,929	47,212	3,000	5,680
Disbursements:							
Personal services	-	59,928	-	-	38,202	2,773	-
Supplies	-	11,684	-	-	770	-	-
Other services and charges	-	14,564	-	-	11,981	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	1,172	-	-	-	-	-
Other disbursements	-	-	5,263	1,199	-	-	1,316
Total disbursements	-	87,348	5,263	1,199	50,953	2,773	1,316
Excess (deficiency) of receipts over disbursements	5,247	(22,188)	1,923	14,730	(3,741)	227	4,364
Cash and investments - ending	\$ 165,828	\$ 32,299	\$ 80,195	\$ 158,318	\$ 72,944	\$ 4,355	\$ 12,264

GIBSON COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	EMA/Misc/ Walmart/Toyota Donation	Donations EMS	Donations EMA Canine	Pocket Of Need Donations	Gibson County Safe Kids Donation	Health Fair Donations	Child Safety Seat Donations
Cash and investments - beginning	\$ 7,344	\$ 2,605	\$ 458	\$ 1,200	\$ 2	\$ 1,174	\$ 1,797
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	3,000	-	725	1,894	-	-	-
Total receipts	3,000	-	725	1,894	-	-	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	5,344	-	578	2,133	-	-	594
Total disbursements	5,344	-	578	2,133	-	-	594
Excess (deficiency) of receipts over disbursements	(2,344)	-	147	(239)	-	-	(594)
Cash and investments - ending	\$ 5,000	\$ 2,605	\$ 605	\$ 961	\$ 2	\$ 1,174	\$ 1,203

GIBSON COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Prosecutor Meth Prevention	Self Insurance (Health)	Auditors Property Transfer Fee	Superior GAL/CASA	IV-D Enforcement Program	Distressed Road Repayment	Travel Vaccine
Cash and investments - beginning	\$ 483	\$ 1,022,533	\$ 16,520	\$ 5,184	\$ 76	\$ 264,513	\$ 5,409
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	10,156	-	-	-	40,424
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	3,438,194	-	-	-	66,129	-
Total receipts	-	3,438,194	10,156	-	-	66,129	40,424
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	37,492
Other services and charges	-	3,379,892	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	200	-	2,549	-	76	-	-
Total disbursements	200	3,379,892	2,549	-	76	-	37,492
Excess (deficiency) of receipts over disbursements	(200)	58,302	7,607	-	(76)	66,129	2,932
Cash and investments - ending	\$ 283	\$ 1,080,835	\$ 24,127	\$ 5,184	\$ -	\$ 330,642	\$ 8,341

GIBSON COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Sheriff Tax Warrants	Civil Process Server	M R U	CC Project Income	14.228 Comm Dev Grant Fund	11.555 Homeland Sec/EMPG PERF	16.575 Victim Assistance IV
Cash and investments - beginning	\$ 2,145	\$ -	\$ 2,150	\$ 258,265	\$ 24,126	\$ 2,484	\$ 3,315
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	73,815	377,500	-	34,283
Fines and forfeits	22,753	1,734	-	114,899	-	-	-
Other receipts	-	-	2,000	73,815	-	-	-
Total receipts	22,753	1,734	2,000	262,529	377,500	-	34,283
Disbursements:							
Personal services	-	-	-	57,279	-	-	30,459
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	149,839	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	23,211	1,674	769	59,948	377,500	2,202	-
Total disbursements	23,211	1,674	769	267,066	377,500	2,202	30,459
Excess (deficiency) of receipts over disbursements	(458)	60	1,231	(4,537)	-	(2,202)	3,824
Cash and investments - ending	\$ 1,687	\$ 60	\$ 3,381	\$ 253,728	\$ 24,126	\$ 282	\$ 7,139

GIBSON COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	20.600 Operation Pull Over	93.069 Bio Terrorism	16.543 Operation T.I.P.	HAVA	Tobacco Prevention & Cessation	Multi-Jurisdictional Meth Lab	D.A.R.E.
Cash and investments - beginning	\$ 18,182	\$ 2,424	\$ 6,255	\$ 2	\$ -	\$ 3,089	\$ 50
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	24,600	-	-	29,000	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	1,966	-	12,359	-	-	-	1,000
Total receipts	1,966	24,600	12,359	-	29,000	-	1,000
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	160	-	-	491	-	-
Other services and charges	-	17,838	-	-	28,509	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	3,004	1,301	17,349	-	-	2,949	400
Total disbursements	3,004	19,299	17,349	-	29,000	2,949	400
Excess (deficiency) of receipts over disbursements	(1,038)	5,301	(4,990)	-	-	(2,949)	600
Cash and investments - ending	\$ 17,144	\$ 7,725	\$ 1,265	\$ 2	\$ -	\$ 140	\$ 650

GIBSON COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	Comm Certificate Sale Surplus	Gibson County Drug Court	EMA Women's Foundation	EMA Planning/Foundation	I - 69 Projects	20.703 HMEP	97.042 EMPG Competitive Grant
Cash and investments - beginning	\$ -	\$ 9,295	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	10,000	5,136
Charges for services	-	15,046	-	-	-	-	-
Fines and forfeits	-	2,539	-	-	-	-	-
Other receipts	3,900	-	1,500	50	21,500	-	-
Total receipts	3,900	17,585	1,500	50	21,500	10,000	5,136
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	5,136
Other services and charges	-	-	-	-	19,600	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	10,000	-
Total disbursements	-	-	-	-	19,600	10,000	5,136
Excess (deficiency) of receipts over disbursements	3,900	17,585	1,500	50	1,900	-	-
Cash and investments - ending	\$ 3,900	\$ 26,880	\$ 1,500	\$ 50	\$ 1,900	\$ -	\$ -

GIBSON COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2014
(Continued)

	97.067 Mitigation Planning	Patoka Union Twp EDA DS	Owensville North EDA DS	Patoka Union Twp EDA CP	Owensville North EDA CP	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,327,994
Receipts:						
Taxes	-	-	-	-	-	54,134,374
Licenses and permits	-	-	-	-	-	49,684
Intergovernmental	12,480	-	-	-	-	10,046,733
Charges for services	-	-	-	-	-	3,274,775
Fines and forfeits	-	-	-	-	-	4,861,043
Other receipts	-	6,933,349	4,861	16,477,134	2,832,215	36,952,463
Total receipts	12,480	6,933,349	4,861	16,477,134	2,832,215	109,319,072
Disbursements:						
Personal services	-	-	-	-	-	12,841,219
Supplies	-	-	-	-	-	2,001,456
Other services and charges	-	-	-	-	-	9,387,572
Debt service - principal and interest	-	-	-	-	-	158,408
Capital outlay	-	-	-	-	-	1,659,693
Other disbursements	12,480	6,845,443	4,861	9,362,944	2,293,269	75,209,386
Total disbursements	12,480	6,845,443	4,861	9,362,944	2,293,269	101,257,734
Excess (deficiency) of receipts over disbursements	-	87,906	-	7,114,190	538,946	8,061,338
Cash and investments - ending	\$ -	\$ 87,906	\$ -	\$ 7,114,190	\$ 538,946	\$ 24,389,332

GIBSON COUNTY
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2014

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 526,412</u>	<u>\$ -</u>

GIBSON COUNTY
SCHEDULE OF LEASES AND DEBT
December 31, 2014

Description of Debt		Ending	Principal and
Type	Purpose	Principal	Interest Due
		Balance	Within One
			Year
Governmental activities:			
General obligation bonds	TOYOTA PERIMETER ROAD	\$ 1,410,000	\$ 598,869
Revenue bonds	INFRASTRUCTURE IMPROVEMENTS	19,850,000	6,193,625
Revenue bonds	GIBSON COUNTY COAL	13,700,000	586,700
Revenue bonds	TOYOTA PROJECT	4,425,000	252,000
Revenue bonds	OWENSVILLE NORTH EDA 2014	1,500,000	34,850
Lease	COURTHOUSE HVAC / ELECTRICAL	1,325,000	152,401
Notes and loans payable	DISTRESSED ROAD	661,283	-
Total governmental activities		<u>42,871,283</u>	<u>7,818,445</u>
Totals		<u>\$ 42,871,283</u>	<u>\$ 7,818,445</u>

GIBSON COUNTY
SCHEDULE OF CAPITAL ASSETS
December 31, 2014

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	\$ 219,000
Infrastructure	25,462,419
Buildings	25,968,462
Improvements other than buildings	1,744,443
Machinery, equipment, and vehicles	<u>7,956,074</u>
Total governmental activities	<u>61,350,398</u>
Total capital assets	<u>\$ 61,350,398</u>

SUPPLEMENTAL AUDIT OF
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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 GIBSON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited Gibson 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, 2014. 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, 2014.

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

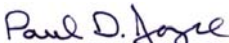
Report on Internal Control Over Compliance

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

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

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

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


Paul D. Joyce, CPA
State Examiner

October 29, 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.

GIBSON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2014

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>U.S. Department of Housing and Urban Development</u>				
CDBG - State-Administered CDBG Cluster	Indiana Office of Community and Rural Affairs			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii				
White River Township Fire Station		14.228	DR2-09-247	\$ 377,500
Total - CDBG - State-Administered CDBG Cluster				377,500
Total - U.S. Department of Housing and Urban Development				377,500
<u>U.S. Department of Justice</u>				
Missing Children's Assistance Operation TIP	Indiana Criminal Justice Institute	16.543	100INTCRIMESF11 100I	17,349
Crime Victim Assistance Crime Victim Assistance	Indiana Criminal Justice Institute	16.575	10-VA-PR133	30,459
Total - U.S. Department of Justice				47,808
<u>U.S. Department of Transportation</u>				
Highway Planning and Construction Cluster				
Highway Planning and Construction	Indiana Department of Transportation	20.205	DES # 0901107 DES # 1382193	18,123 108,621
Highway Planning and Construction				
Total - Highway Planning and Construction Cluster				126,744
Highway Safety Cluster				
State and Community Highway Safety Operation Pull-Over	Indiana Criminal Justice Institute	20.600	EDS# D3-11-5474	3,004
Total - Highway Safety Cluster				3,004
Interagency Hazardous Materials Public Sector Training and Planning Grants	Indiana Department of Homeland Security	20.703	EDS#C44P-4-423B	10,000
Emergency Preparedness				
Total - U.S. Department of Transportation				139,748
<u>U.S. Department of Health and Human Services</u>				
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	Indiana Department of Health	93.074	BPRS 125-70	19,299
Bioterrorism				
Child Support Enforcement IV-D Child Support	Indiana Department of Child Services	93.563	Clerk Expense Collection Incentive Indirect Costs Prosecutor Expense	34,181 57,779 41,567 186,333
Total - Child Support Enforcement				319,860
Total - U.S. Department of Health and Human Services				339,159
<u>U.S. Department of Homeland Security</u>				
Emergency Management Performance Grants	Indiana Department of Homeland Security	97.042	EDS# C44P-2-333A EDS#C44P-4-459B	22,787 5,136
Emergency Management Performance Grants				
Emergency Preparedness				
Total - Emergency Management Performance Grants				27,923
Homeland Security Grant Program Mitigation Planning	Indiana Department of Homeland Security	97.067	EDS#C44P-4-446B	12,480
State Homeland Security Program (SHSP) State Homeland Security Program	Indiana Department of Homeland Security	97.073	EDS# C44P-7-352	2,202
Total - U.S. Department of Homeland Security				42,605
Total federal awards expended				\$ 946,820

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

GIBSON 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.

GIBSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

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

Identification of Major Programs:

Name of Federal Program or Cluster

CDBG - State-Administered CDGB Cluster
Highway Planning and Construction 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 2014-001 - INTERNAL CONTROLS AND COMPLIANCE
OVER CASH DISBURSEMENTS - COUNTY AUDITOR**

We noted deficiencies in the internal control system of the County related to cash disbursements. The County has established the control procedures listed below.

The County Auditor reviews the claim for the following:

1. That it is properly verified and supported by an invoice and verification of receipt of goods and services;
2. That prices charged are in accordance with contracts awarded, when applicable;

GIBSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

3. That statutory authority exists for payment of the claim;
4. That the correctness of the extension on each item is verified to ensure the total is correct;
5. That approval by the department head is verified;
6. That allowance by the Board of County Commissioners is verified;
7. That sufficient funds and appropriations are available to make the payment; and
8. That it has not been previously paid.

However, during the audit, these controls were deemed to not be properly implemented because all claims authorized for payment in advance were not subsequently added to the claims docket by the County Auditor; therefore, no approval was given by the Board of County Commissioners. Also, numerous claims were paid without adequate supporting documentation attached. The failure to properly implement these controls could enable material misstatements or irregularities to remain undetected. Control activities should be in place to reduce the risks of errors in financial reporting.

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

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

Indiana Code 5-11-10-1.6 states in part:

"(b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

GIBSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

***FINDING 2014-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS
AND REPORTING - CLERK OF THE CIRCUIT COURT***

We noted several deficiencies in the internal control system of the Clerk of the Circuit Court related to financial transactions and reporting.

1. The Clerk of the Circuit Court did not have a proper system of internal controls in place to prevent, or detect and correct, errors on the Supplemental Annual Financial Report (Annual Report). The Clerk of the Circuit Court's Annual Report is provided for inclusion in the County's Gateway Annual Financial Report, which is used to compile the financial statement. The Clerk of the Circuit Court should have proper controls in place over the preparation of the Annual Report to ensure accurate reporting of all funds included in the report. Without a proper system of internal control in place that operates effectively, the Clerk of the Circuit Court's Annual Report could have undetected errors, which could cause material misstatements to remain undetected in the financial statement.
2. During the audit of the Clerk of the Circuit Court, we determined controls over receipts were properly designed; however, there was not sufficient documentation to test the effectiveness of the controls. The Bookkeeper reviews the collections made by the Clerk of the Circuit Court Deputies prior to making daily deposits; however, there is no documentation to show it has been reviewed. The Bookkeeper reconciles the bank statements monthly and prepares the monthly of the Clerk of the Circuit Court's report, which is reviewed by the Clerk of the Circuit Court. There was not documentation to support this review process.
3. The Clerk of the Circuit Court has not separated incompatible activities related to disbursements. The Bookkeeper for the Clerk of the Circuit Court is the employee who issues all checks. There is no review or approval of the checks that are issued. The Bookkeeper is also the employee who reconciles the bank account. The failure to establish these controls could enable material misstatements or irregularities to remain undetected. Control activities should be in place to reduce the risks of errors in financial reporting.

An evaluation of the Clerk of the Circuit Court's system of internal control has not been conducted. The failure to monitor the internal control system places the Clerk of the Circuit Court at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls will prevent, or detect and correct, material misstatements in a timely manner. Effective internal controls over financial reporting require the Clerk of the Circuit Court to monitor and assess the quality of the system of internal control.

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 Clerks of the Circuit Courts of Indiana, Chapter 13)

GIBSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

***FINDING 2014-003 - INTERNAL CONTROLS AND COMPLIANCE
OVER FINANCIAL TRANSACTIONS - COUNTY AUDITOR***

The County did not have a proper system of internal controls in place to prevent, or detect and correct, errors on the financial statement. The County should have proper controls in place over the preparation of the financial statement to ensure accurate reporting of all funds included in the financial statement. Without a proper system of internal controls in place that operates effectively, material misstatements of the financial statement could remain undetected.

During the audit of the financial statement, we noted that the four funds relating to the Redevelopment Commission were not included on the ledger nor were they added to the financial statement resulting in the following understatements: receipts by \$26,247,559, disbursements by \$18,506,517, and ending cash by \$7,741,021. Audit adjustments were proposed, accepted by the County Auditor, and made to the financial statement presented in this report.

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

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

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

Indiana Code 36-7-14-8(b) states in part:

"The fiscal officer of the unit establishing a redevelopment commission is the treasurer of the redevelopment commission. Notwithstanding any other provision of this chapter, the treasurer has charge over and is responsible for the administration, investment, and disbursement of all funds and accounts of the redevelopment commission in accordance with the requirements of state laws that apply to other funds and accounts administered by the fiscal officer."

***FINDING 2014-004 - INTERNAL CONTROLS AND COMPLIANCE
OVER CASH BOOK - COUNTY TREASURER***

The County Treasurer did not have a proper system of internal controls in place to ensure all funds within bank accounts are included on the Cash Book. The County Treasurer should have proper controls in place over the Cash Book to ensure accurate reporting of all funds. Without a proper system of internal control in place that operates effectively, material misstatements on the Cash Book could remain undetected.

GIBSON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

During the audit it was noted that the funds within the bank accounts of the Redevelopment Commission and Payroll Tax Clearing were not included on the Cash Book.

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 Treasurers of Indiana, Chapter 10)

Indiana Code 36-7-14-8(b) states in part:

"The fiscal officer of the unit establishing a redevelopment commission is the treasurer of the redevelopment commission. Notwithstanding any other provision of this chapter, the treasurer has charge over and is responsible for the administration, investment, and disbursement of all funds and accounts of the redevelopment commission in accordance with the requirements of state laws that apply to other funds and accounts administered by the fiscal officer."

Indiana Code 5-13-5-1(a) states:

"Every public officer who receives or distributes public funds shall:

- (1) keep a cashbook into which the public officer shall enter daily, by item, all receipts of public funds; and
- (2) balance the cashbook daily to show funds on hand at the close of each day."

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

AUDITEE PREPARED DOCUMENT

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



AUDITOR OF GIBSON COUNTY

Telephone 812.385.4927

Fax 812.386.1173

www.gibsoncounty.gov

CORRECTIVE ACTION PLAN

FINDING 2014-001

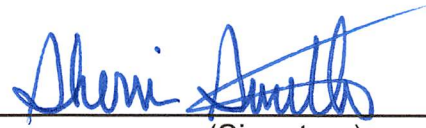
Contact Person Responsible for Corrective Action: Sherri Smith
Contact Phone Number: 812.385.4927

Description of Corrective Action Plan:

Effective immediately, Gibson County will include all "payment in advance" claims and prepare a claims docket as required for the Commissioners to review and approve at their next scheduled meeting.

Effective immediately, Gibson County will require that all claims include adequate supporting documentation. If documentation is not provided, the Auditor sends an email to the submitter for documentation and explanation. It is the submitter's responsibility to provide this documentation for the claim. If submitter is unable to provide the documentation, then the Auditor will email the Commissioners and they will approve (2 of 3) the claim separately in an open meeting; or the Commissioners (3) will reply to the email with their approval (minimum 2 of 3) for the Auditor to pay the claim. Their email responses or a copy of the meeting minutes will be attached to the claim.

Anticipated Completion Date: 10/29/15


(Signature)

Auditor
(Title)

10-29-15
(Date)



Jim Morrow

Clerk of Gibson County Circuit & Superior Courts

PO Box 630, 101 N Main St, Princeton, IN 47670

Clerk's Office: (812) 386-6474 | Voter Registration Office: (812) 385-2541

Child Support Office: (812) 386-8401 | Fax: (812) 385-5025

CORRECTIVE ACTION PLAN

FINDING 2014-002

Contact Person Responsible for Corrective Action: Jim Morrow, Gibson Circuit Court Clerk

Contact Phone Number: 812-386-6474

Description of Corrective Action Plan:

1) Effective immediately, the Clerk will closely monitor the preparation of the Supplemental Annual Financial Report by the Clerk's bookkeeper. Upon completion of the report the Clerk will closely examine it looking for any material misstatements, errors, mistakes or irregularities. When the Clerk is satisfied that the report is correct and without error, the Clerk will sign and date the report before it is released to the Auditor.


2) Effective immediately, prior to depositing daily collections the Clerk will review daily collections and approve when satisfied they are correct and without error by initialing and dating the daily Receipt Journal. Monthly reconciliation of bank statements will be closely examined by the Clerk. When the Clerk is satisfied that the reconciliation is correct and without error, the Clerk will initial and date the reconciliation. When the Clerk is satisfied that the monthly Clerk's Report is correct and without error, the Clerk will initial and date the report before it is released to the Auditor.

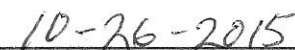
3) Effective immediately, upon completion of the Daily Cash Balance Report and the Check Register, the Clerk will closely examine both reports looking for any material misstatements, errors, mistakes or irregularities. When the Clerk is satisfied that the reports are correct and without error, the Clerk will initial and date the reports.

The Clerk will also study Chapter 14 of the Manual for Clerks of the Circuit Courts to verify all guidelines are implemented and kept as policy of the Clerk's Office.

Anticipated Implementation Date: 10/01/2015


(Signature)


(Title)


(Date)



AUDITOR OF GIBSON COUNTY

Telephone 812.385.4927

Fax 812.386.1173

www.gibsoncounty.gov

CORRECTIVE ACTION PLAN

FINDING 2014-003

Contact Person Responsible for Corrective Action: Sherri Smith

Contact Phone Number: 812.385.4927

Description of Corrective Action Plan:

Effective immediately, Gibson County will have a proper system of internal controls in place to prevent, detect and correct errors on the Financial Statement. The Auditor understands her role in the preparation and will have proper controls in place with regard to the Financial Statement to ensure accurate reporting of all funds included on the financial statement.

Anticipated Completion Date: 10/29/15

(Signature)

Auditor

(Title)

10-29-15

(Date)

Treasurer of Gibson County

*Mary B. Key
101 N. Main Street
Princeton, IN 47670*

812-385-2540

Fax 812-386-6520

CORRECTIVE ACTION PLAN

FINDING 2014-004

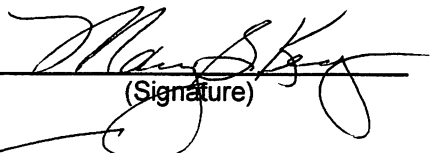
Contact Person Responsible for Corrective Action: Mary B. Key, Treasurer
Contact Phone Number: 812-385-2540

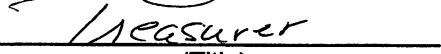
Description of Corrective Action Plan:

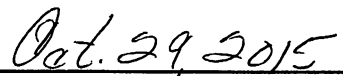
Payroll tax accounts will be corrected and on the cash book by the first of November including interest. The method of transfer from one bank to another without issuance of check (previous method) to keep both sides of the cash book in balance has been addressed. It has been decided to use ACH method.

We are in the process of finding if the office has the ability to add the Redevelopment accounts to the cash book as per the new law. With the help of Lori Rogers from the State Board of Accounts, Umbaugh, and Ice Miller, it is being discussed as to whether the bond documentation will allow the money to be administered by the County Auditor and Treasurer. *See attachment

Anticipated Completion Date: Payroll Tax accounts: November, 2015
Redevelopment: November, 2015



(Signature)


(Title)


(Date)

MEMORANDUM

TO: The Honorable Sherri Smith, County Auditor
The Honorable Mary Key, County Treasurer
The Honorable Steve Bottoms, County Commissioner
Sandy Greubel, Deputy County Treasurer
Phil Young, Gibson County Redevelopment Commission
James McDonald, Esq., County Attorney

FROM: Ice Miller LLP (Buddy Downs and Karen Arland)

DATE: October 28, 2015

RE: Gibson County, Indiana
Accounting Procedures for Gibson County Redevelopment Commission
Allocation Funds

The purpose of this memorandum is to provide officials of Gibson County ("County") with information regarding the accounting procedures applicable to the allocation funds of the Gibson County Redevelopment Commission ("Commission"). This includes a review of the applicable statutes as well as the applicable legal documents to which either the County or the Commission is a party, and which are binding upon the parties.

Applicable Statutes

Before January 1, 2016, IC 36-7-14-8 provides in part:

Sec. 8... (b) The fiscal officer of the unit establishing a redevelopment commission is the treasurer of the redevelopment commission. Notwithstanding any other provision of this chapter, the treasurer has charge over and is responsible for the administration, investment, and disbursement of all funds and accounts of the redevelopment commission in accordance with the requirements of state laws that apply to other funds and accounts administered by the fiscal officer. The treasurer shall report annually to the fiscal body of the unit before July 1.

IC 36-7-14-8(b). Effective January 1, 2016, IC 36-7-14-8 contains two modifications. The first is to change the date of the report from July 1 to April 1. The second modification is to reiterate the Commission's authority to approve claims for payment from its funds:

Sec. 8... (b) The fiscal officer of the unit establishing a redevelopment commission is the treasurer of the redevelopment commission. Notwithstanding any other provision of this chapter, but subject to subsection (c), the treasurer has charge over and is responsible for the administration, investment, and disbursement of all funds and accounts of the redevelopment commission in accordance with the requirements of state laws that apply to other funds and accounts administered by the fiscal officer. The treasurer shall report annually to the redevelopment commission before April 1.

(c) The treasurer of the redevelopment commission may disburse funds of the redevelopment commission only after the redevelopment commission allows and

approves the disbursement. However, the redevelopment commission may, by rule or resolution, authorize the treasurer to make certain types of disbursements before the redevelopment commission's allowance and approval at its next regular meeting.

IC 36-7-14-8. Subsection (c) reiterates language that has existed since 1981 (in its current form) as IC 36-7-14-29, and prior to 1981 as IC 18-7-7.1-27:

Sec. 29. (a) All payments from any of the funds established by this chapter shall be made by warrants drawn by the proper officers of the unit upon vouchers of the redevelopment commission signed by the president or vice president and the secretary or executive secretary.

IC 36-7-14-29. There are also statutes expressly authorizing the Commission to secure its revenue bonds, including tax increment revenue bonds, with a trust indenture.

Sec. 25.1... (o) If bonds are issued under this chapter that are payable solely or in part from revenues to the redevelopment commission from a project or projects, the redevelopment commission may adopt a resolution or trust indenture or enter into covenants as is customary in the issuance of revenue bonds. The resolution or trust indenture may pledge or assign the revenues from the project or projects, but may not convey or mortgage any project or parts of a project. The resolution or trust indenture may also contain any provisions for protecting and enforcing the rights and remedies of the bond owners as may be reasonable and proper and not in violation of law, including covenants setting forth the duties of the redevelopment commission.

IC 36-7-14-25.1(o).

Sec. 28. (a) The fiscal body of a unit issuing bonds under this chapter may secure them by a trust indenture between the unit and a corporate trustee. The corporate trustee may be any trust company, national bank, or state bank that is in Indiana and has trust powers.

IC 36-7-12-28.

Applicable Documents

The Commission has established two allocation areas. The first area, the Patoka/Union Township Economic Development Area and Allocation Area was originally established in 1995 ("Toyota Area"). Tax increment revenue from the Toyota Area ("Toyota TIF") is currently pledged to pay debt service to two financings. Pursuant to a bond resolution adopted in 2007 ("Bond Resolution"), the Commission issued its Redevelopment Tax Increment Revenue Refunding Bonds of 2007 ("2007 Bonds"), granting all of the Toyota TIF and investment earnings in trust with Old National Bank as Trustee, Registrar and Paying Agent ("Trustee"). Section 11 of the Bond Resolution provides that the Toyota TIF, upon receipt by the County, is to be immediately transferred to the Trustee for deposit first in the Allocation Fund, which consisted of the 2007 Bond Principal and Interest Account, and then, after making debt service payments, the remaining Toyota TIF was to be deposited in the General Account of the Allocation Fund. In 2012 the County issued economic development revenue bonds ("2012 Bonds"), secured by a Trust Indenture with Old National Trust Company as Trustee, to which the Commission pledged Toyota TIF on a parity with the 2007 Bonds.

Section 4.2 of Article IV of Trust Indenture for the 2012 Bonds contains the requirements for the deposit of the Toyota TIF and the allocation fund with the Trustee. The Trust Indenture for the 2012 Bonds continued the flow of funds from the 2007 bond resolution, the County, immediately upon receipt of the Toyota TIF, transfers it to the Trustee, who is required to deposit the Toyota TIF to the Allocation Fund for deposit on a pro rata basis to the 2007 Bond Principal and Interest Account and the 2012 Bond Principal and Interest Account and after making those deposits, the remaining Toyota TIF is to be deposited in the General Account. Money in the General Account may be used for any purpose authorized under IC 36-7-14 and under the bond resolution and trust indenture. The Commission and the County have approved additional projects funded on a “pay-as-you-go” basis from the General Account

The second allocation area, the Owensville North Economic Development Area and Allocation Area (“Owensville North Area”), was established in 2012. Tax increment revenue from the Owensville North Area (“Owensville North TIF”) was originally pledged by the Commission in 2012 to the County to pay debt service on economic development bonds (“Coal Project Bonds”) issued pursuant to a Trust Indenture between the County and German American Bank.

Article IV of the Trust Indenture establishes the flow of funds for the Coal Project Bonds. This Trust Indenture is more complex than either of the documents related to the use of the Toyota TIF, but the flow of funds is essentially the same. Payments of debt service must be made first.

The bonds, bond resolution and the Trust Indentures constitute binding, valid and legally enforceable obligations of the County and the Commission. Failure to comply with the provisions of those documents could result in lawsuits brought by bondholders.

Current Claims Approval Process

We have attached documentation illustrating the current process for claims approval by the Commission. As the Commission receives claims for payment, including claims for Trustees’ fees, or claims for project expenses, are submitted to the Commission for approval. Once approved by the Commission, the County Attorney submits to the appropriate Trustee or Trustees and to the County Auditor to determine the correctness and legality of the claims, as required by IC 5-11-10-1.

Proposed Procedures for Allocation Funds

Pursuant to IC 36-7-14-39, the Commission has established a separate allocation fund for each allocation area. The tax increment from an allocation area “shall be allocated to the redevelopment district and, when collected, paid into an allocation fund for that allocation area” IC 36-7-14-39(b)(3) (emphasis added). This language, as well as the provisions of the applicable financing documents, requires the Toyota TIF and the Owensville North TIF to be maintained in two (2) separate bank accounts. The County Treasurer will include each of those accounts in the County’s Funds Ledger. The Trustees will provide both the Auditor’s office and the Treasurer’s office online access to the Trustee’s information related to all disbursements of the Toyota TIF and the Owensville North TIF for inclusion on the ledger and to match payment of claims. Pursuant to the documents, the Trustees are the only entities legally authorized to disburse funds under the bond resolution and the Trust Indentures. We believe daily

communication between the County Auditor and Treasurer and the Trustees (even if done by electronic means) should enable the County and the Commission to comply with the spirit of the law and the requirements of the documents.

The foregoing discussion expresses the professional judgment of the attorneys participating in the consideration of this matter as to the legal issues addressed in this letter. This discussion involves complex questions of law and by expressing our views on these issues, the undersigned does not become an insurer or a guarantor of that expression of professional judgment, nor does the rendering of these views guarantee the outcome of any legal dispute which may arise.

This letter is being furnished to you for your sole use only in connection with the consideration of the issues discussed in this letter and no other party is entitled to rely on this memorandum without our express written consent.

OTHER REPORTS

In addition to this report, other reports may have been issued for the County. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.