

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

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



FILED
08/04/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Donna Atchison	01-01-13 to 12-31-16
County Treasurer	Sandy Hill	01-01-13 to 12-31-16
Clerk of the Circuit Court	Beth Jones	01-01-13 to 12-31-16
County Sheriff	Richard W. Dixon Josh Babcock	01-01-11 to 12-31-14 01-01-15 to 12-31-18
County Recorder	Terry Nicholson	01-01-13 to 12-31-16
President of the Board of County Commissioners	Don Brewer	01-01-14 to 12-31-16
President of the County Council	James McDonald Greg Farlow Kermit A. Lamb	01-01-14 to 12-31-14 01-01-15 to 12-31-15 01-01-16 to 12-31-16



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF ORANGE COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of Orange 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, and Schedule of Leases and Debt, 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 May 23, 2016, 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

May 23, 2016



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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 ORANGE 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 Orange 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 May 23, 2016, 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 and 2014-002 to be material weaknesses.

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

Compliance and Other Matters

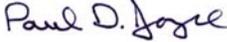
As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

Orange 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

May 23, 2016

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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.

ORANGE 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	\$ 383,815	\$ 398,144	\$ 383,815	\$ 398,144
General	214,043	2,827,008	2,740,722	300,329
Accident Report	1,871	2,251	1,453	2,669
HD-013-004 Housing Authority	-	15,309	15,309	-
CAGIT County Certified Shares	213,513	1,081,332	1,228,761	66,084
CEDIT County Share	69,702	439,862	415,938	93,626
City and Town Court Costs	74,625	5,512	-	80,137
Clerk's Records Perpetuation	10,701	4,484	550	14,635
Sales Disclosure - County Share	5,652	2,735	3,500	4,887
Cumulative Bridge	990,316	937,614	687,674	1,240,256
Cumulative Capital Development	166,476	170,475	88,237	248,714
Cumulative Courthouse	5,523	-	-	5,523
Drug Free Community	1,312	17,916	19,228	-
Emergency Planning/Right to Know	15,136	-	567	14,569
Firearms Training	26,481	10,653	19,676	17,458
Health	(2,605)	85,974	88,374	(5,005)
Identification Security Protection	30,334	1,688	10,000	22,022
Levy Excess	-	99	-	99
Local Health Maintenance	31,068	40,991	44,402	27,657
Local Road and Street	40,357	169,429	178,302	31,484
Misdemeanant	20,628	13,387	17,861	16,154
Motor Vehicle Highway	798,591	2,203,821	2,026,374	976,038
Park Nonreverting Operating	15,859	20,252	13,409	22,702
Plat Book	8,588	9,315	6,773	11,130
Rainy Day	1,552	192	1,350	394
Reassessment - 2015	782,954	237,457	256,958	763,453
Recorder's Records Perpetuation	55,484	14,012	15,833	53,663
County French Lick Casino Wagering	1,148,365	1,520,743	2,000,851	668,257
Sex and Violent Offender Administration	2,760	1,755	218	4,297
Sheriff's Pension Trust	-	1,820	1,820	-
Supplemental Public Defender Services	9,992	3,311	-	13,303
Surplus Tax	13,264	14,208	15,198	12,274
Surveyor's Corner Perpetuation	31,119	5,570	6,627	30,062
Tax Sale Redemption	-	53,324	40,185	13,139
Tax Sale Surplus	161,895	476,253	146,487	491,661
Local Health Department Trust Account	8,076	16,364	18,109	6,331
Vehicle Inspection	173	174	199	148
Victim Impact Program	2	-	-	2
County Elected Officials Training	3,473	1,688	141	5,020
Statewide 911	188,343	323,046	307,630	203,759
Adult Probation Administrative	151,211	120,190	179,366	92,035
Juvenile Probation Administrative	8,501	6,258	6,153	8,606
Alternative Dispute Resolution	17,665	2,305	1,031	18,939
User-County Drug Fund Probation	180,286	154,688	111,559	223,415
97.042 Empgcompema	144	5,180	5,180	144
Convention Center Operating	1,075	13,475	13,475	1,075
Colonial Life	-	313	313	-
Health Insurance	17,789	884,989	887,550	15,228
Payroll Withholding - Other	-	2,257	2,257	-
AUL Retirement	-	28,634	28,634	-
Payroll Withholding - Federal	-	303,536	303,536	-
Payroll Withholding - FICA & Medicare	222	513,255	513,523	(46)
Payroll Withholding - PERF	-	392,603	392,603	-
Payroll Withholding - State	-	157,923	157,923	-
Payroll Withholding - Wage Garnishments	-	22,990	22,990	-

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

ORANGE 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
Sheriff Pension Holding Settlement	3,238	21,624	22,189	2,673
CVET Agency	-	13,430,443	13,430,443	-
Sewage Collections	-	219,397	219,397	-
Financial Institution Tax	1,941	2,307	3,286	962
HEA 1001 State Homestead Credit	-	100,987	100,987	-
State Fines and Forfeitures	567	-	567	-
Overweight Vehicle Fines	257	10,361	10,602	16
Special Death Benefit	-	1	1	-
Sales Disclosure - State Share	115	985	1,100	-
Coroners Training & Con't Education	205	2,735	2,655	285
Interstate Compact - State Share	129	1,644	1,604	169
Mortgage Recording Fees - State Share	75	2,192	2,267	-
Sex and Violent Offender Admin - State	120	1,620	1,608	132
Inheritance Tax	10	195	175	30
Education Plate Fees Agency	-	27,500	27,370	130
Riverboat Revenue Sharing	56	244	300	-
Innkeepers Tax Collections	165,893	1,667,070	1,761,097	71,866
CAGIT Distribution	492,456	972,937	831,840	633,553
CEDIT Distribution	-	2,833,537	2,833,537	-
93.563 ARRA Clerk IV-D Incentive	-	713,848	713,848	-
93.563 Prosecutor IV-D Incentive-Post Oct '99	3,180	-	192	2,988
93.563 Clerk IV-D Incentive-Post Oct '99	15,629	14,217	23,518	6,328
Orange County Cir/Sup Ct	12,800	9,448	4,996	17,252
Orange County Child Support	183,779	18	14,775	169,022
Orange Co Clerk Odyssey	4,387	428,023	424,335	8,075
Commissary	420,934	2,083,071	2,054,237	449,768
Inmate Trust Fund	45,790	168,981	150,955	63,816
Courthouse Redem Fund	5,528	162,340	156,426	11,442
Payment in Lieu of Taxes	845,034	40,000	-	885,034
Orange Co Law Enforcement Cont	-	48,739	48,739	-
Region 15 Planning	303	1,161	1,003	461
Wolfe Cemetery Fund	991	8,635	8,928	698
Sheriff Donations	10,000	60	60	10,000
Truck Hauling Permits	1,900	1,700	-	3,600
Highway Equipment Bond Fund	2,903	525	-	3,428
Sheriff Walmart Grant	144	-	144	-
Rule 5 Fund	188	-	-	188
Salary Supplement Fund	5,307	3,150	8,285	172
Unemployment	3,229	9,621	12,850	-
Housing Authority	-	5,338	5,338	-
French Lick Airport Road 300 S	-	30,271	30,271	-
Operation Pullover	209,942	1,471,698	1,618,918	62,722
Section 5311 Transportation	1,392	1,153	1,153	1,392
Federal Road Sign Grant	-	256,239	256,239	-
Emergency Preparedness Grant	(224)	31,108	30,884	-
Veteran Officer Training	-	6,951	6,951	-
Homeland Security Grant	-	500	500	-
Southeast Fire Department Grant	-	14,176	23,755	(9,579)
Title IV-D Incentive	-	130,000	130,000	-
OC Public Safety Narrow Banding	35,638	9,449	2,850	42,237
Adapt-Substance Abuse Program	22,780	-	19,683	3,097
Drug Testing - Probation	3,346	-	-	3,346
	549	-	-	549
Totals	\$ 8,406,842	\$ 38,682,963	\$ 38,429,482	\$ 8,660,323

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

ORANGE 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 licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

ORANGE 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 these types 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, which 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 includes 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.

ORANGE COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Capital outlay, which includes 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.

ORANGE 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

ORANGE 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. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the County being owed reimbursement/refunds in the Homeland Security Grant fund and expenditures exceeding receipts in the Health and Payroll Withholding - FICA & Medicare funds.

ORANGE COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. Subsequent Events

During the audit period, the County began construction on a new road to the French Lick Airport. Initial construction was completed subsequent to the audit period during 2015. The road was used for several days, but due to significant unforeseen structural deficiencies, the condition of the road deteriorated to the point that it became impassable and unsafe for travel. As of the date of this report, the road remains closed. As of March 2016, the County has disbursed \$1,870,158.32 for the project, a portion of which was federal award money. Currently, a definitive plan to address the problems has not been developed, but the County is pursuing all available avenues in order to reach a resolution on this matter to fix the deficiencies and complete the project.

Note 9. Combined Funds

Funds related to payroll and user fees were reported individually in the prior financial statement but were combined into two funds for the current financial statement.

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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.

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

	After Settlement Collections	General	Accident Report	HD-013-004 Housing Authority	CAGIT County Certified Shares	CEDIT County Share	City and Town Court Costs
Cash and investments - beginning	\$ 383,815	\$ 214,043	\$ 1,871	\$ -	\$ 213,513	\$ 69,702	\$ 74,625
Receipts:							
Taxes	398,144	1,831,235	-	-	1,069,411	366,553	-
Licenses and permits	-	127	-	-	-	-	-
Intergovernmental	-	444,482	-	-	-	-	-
Charges for services	-	413,705	883	-	11,793	-	-
Fines and forfeits	-	67,890	-	-	-	-	5,512
Other receipts	-	69,569	1,368	15,309	128	73,309	-
Total receipts	<u>398,144</u>	<u>2,827,008</u>	<u>2,251</u>	<u>15,309</u>	<u>1,081,332</u>	<u>439,862</u>	<u>5,512</u>
Disbursements:							
Personal services	-	2,103,697	-	-	325,883	-	-
Supplies	-	165,620	-	-	-	-	-
Other services and charges	-	395,869	-	15,309	902,878	415,938	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	5,774	-	-	-	-	-
Other disbursements	383,815	69,762	1,453	-	-	-	-
Total disbursements	<u>383,815</u>	<u>2,740,722</u>	<u>1,453</u>	<u>15,309</u>	<u>1,228,761</u>	<u>415,938</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>14,329</u>	<u>86,286</u>	<u>798</u>	<u>-</u>	<u>(147,429)</u>	<u>23,924</u>	<u>5,512</u>
Cash and investments - ending	<u>\$ 398,144</u>	<u>\$ 300,329</u>	<u>\$ 2,669</u>	<u>\$ -</u>	<u>\$ 66,084</u>	<u>\$ 93,626</u>	<u>\$ 80,137</u>

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

	Clerk's Records Perpetuation	Sales Disclosure - County Share	Cumulative Bridge	Cumulative Capital Development	Cumulative Courthouse	Drug Free Community	Emergency Planning/Right to Know
Cash and investments - beginning	\$ 10,701	\$ 5,652	\$ 990,316	\$ 166,476	\$ 5,523	\$ 1,312	\$ 15,136
Receipts:							
Taxes	-	-	445,279	148,426	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	88,594	19,953	-	-	-
Charges for services	-	2,735	-	-	-	-	-
Fines and forfeits	4,484	-	-	-	-	17,916	-
Other receipts	-	-	403,741	2,096	-	-	-
Total receipts	<u>4,484</u>	<u>2,735</u>	<u>937,614</u>	<u>170,475</u>	<u>-</u>	<u>17,916</u>	<u>-</u>
Disbursements:							
Personal services	-	-	158,735	-	-	-	-
Supplies	-	-	42,803	-	-	-	-
Other services and charges	-	3,500	86,136	67,882	-	19,228	567
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	550	-	-	20,355	-	-	-
Other disbursements	-	-	400,000	-	-	-	-
Total disbursements	<u>550</u>	<u>3,500</u>	<u>687,674</u>	<u>88,237</u>	<u>-</u>	<u>19,228</u>	<u>567</u>
Excess (deficiency) of receipts over disbursements	<u>3,934</u>	<u>(765)</u>	<u>249,940</u>	<u>82,238</u>	<u>-</u>	<u>(1,312)</u>	<u>(567)</u>
Cash and investments - ending	<u>\$ 14,635</u>	<u>\$ 4,887</u>	<u>\$ 1,240,256</u>	<u>\$ 248,714</u>	<u>\$ 5,523</u>	<u>\$ -</u>	<u>\$ 14,569</u>

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

	Firearms Training	Health	Identification Security Protection	Levy Excess	Local Health Maintenance	Local Road and Street	Misdemeanant
Cash and investments - beginning	\$ 26,481	\$ (2,605)	\$ 30,334	\$ -	\$ 31,068	\$ 40,357	\$ 20,628
Receipts:							
Taxes	-	43,386	-	99	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	13,878	-	-	40,991	169,429	13,387
Charges for services	10,653	28,575	1,688	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	135	-	-	-	-	-
Total receipts	<u>10,653</u>	<u>85,974</u>	<u>1,688</u>	<u>99</u>	<u>40,991</u>	<u>169,429</u>	<u>13,387</u>
Disbursements:							
Personal services	-	84,460	-	-	40,421	-	17,861
Supplies	-	1,167	-	-	3,778	45,000	-
Other services and charges	-	2,747	10,000	-	203	28,417	-
Debt service - principal and interest	-	-	-	-	-	104,885	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	19,676	-	-	-	-	-	-
Total disbursements	<u>19,676</u>	<u>88,374</u>	<u>10,000</u>	<u>-</u>	<u>44,402</u>	<u>178,302</u>	<u>17,861</u>
Excess (deficiency) of receipts over disbursements	<u>(9,023)</u>	<u>(2,400)</u>	<u>(8,312)</u>	<u>99</u>	<u>(3,411)</u>	<u>(8,873)</u>	<u>(4,474)</u>
Cash and investments - ending	<u>\$ 17,458</u>	<u>\$ (5,005)</u>	<u>\$ 22,022</u>	<u>\$ 99</u>	<u>\$ 27,657</u>	<u>\$ 31,484</u>	<u>\$ 16,154</u>

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

	Motor Vehicle Highway	Park Nonreverting Operating	Plat Book	Rainy Day	Reassessment - 2015	Recorder's Records Perpetuation	County French Lick Casino Wagering
Cash and investments - beginning	\$ 798,591	\$ 15,859	\$ 8,588	\$ 1,552	\$ 782,954	\$ 55,484	\$ 1,148,365
Receipts:							
Taxes	42,187	15,984	-	-	209,319	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	2,134,231	2,149	-	-	28,138	-	1,520,743
Charges for services	-	2,100	9,315	-	-	14,012	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	27,403	19	-	192	-	-	-
Total receipts	<u>2,203,821</u>	<u>20,252</u>	<u>9,315</u>	<u>192</u>	<u>237,457</u>	<u>14,012</u>	<u>1,520,743</u>
Disbursements:							
Personal services	1,017,637	1,500	6,773	-	91,361	615	238,008
Supplies	602,185	237	-	-	4,429	-	11,878
Other services and charges	222,207	6,748	-	1,350	161,168	-	98,188
Debt service - principal and interest	183,768	-	-	-	-	-	457,307
Capital outlay	577	4,924	-	-	-	-	904,050
Other disbursements	-	-	-	-	-	15,218	291,420
Total disbursements	<u>2,026,374</u>	<u>13,409</u>	<u>6,773</u>	<u>1,350</u>	<u>256,958</u>	<u>15,833</u>	<u>2,000,851</u>
Excess (deficiency) of receipts over disbursements	<u>177,447</u>	<u>6,843</u>	<u>2,542</u>	<u>(1,158)</u>	<u>(19,501)</u>	<u>(1,821)</u>	<u>(480,108)</u>
Cash and investments - ending	<u>\$ 976,038</u>	<u>\$ 22,702</u>	<u>\$ 11,130</u>	<u>\$ 394</u>	<u>\$ 763,453</u>	<u>\$ 53,663</u>	<u>\$ 668,257</u>

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

	Sex and Violent Offender Administration	Sheriff's Pension Trust	Supplemental Public Defender Services	Surplus Tax	Surveyor's Corner Perpetuation	Tax Sale Redemption	Tax Sale Surplus
Cash and investments - beginning	\$ 2,760	\$ -	\$ 9,992	\$ 13,264	\$ 31,119	\$ -	\$ 161,895
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	1,755	-	-	-	5,570	-	-
Fines and forfeits	-	-	3,311	-	-	-	-
Other receipts	-	1,820	-	14,208	-	53,324	476,253
Total receipts	<u>1,755</u>	<u>1,820</u>	<u>3,311</u>	<u>14,208</u>	<u>5,570</u>	<u>53,324</u>	<u>476,253</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	218	-	-	-	-	-	-
Other services and charges	-	-	-	-	6,627	23,377	190
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	1,820	-	15,198	-	16,808	146,297
Total disbursements	<u>218</u>	<u>1,820</u>	<u>-</u>	<u>15,198</u>	<u>6,627</u>	<u>40,185</u>	<u>146,487</u>
Excess (deficiency) of receipts over disbursements	<u>1,537</u>	<u>-</u>	<u>3,311</u>	<u>(990)</u>	<u>(1,057)</u>	<u>13,139</u>	<u>329,766</u>
Cash and investments - ending	<u>\$ 4,297</u>	<u>\$ -</u>	<u>\$ 13,303</u>	<u>\$ 12,274</u>	<u>\$ 30,062</u>	<u>\$ 13,139</u>	<u>\$ 491,661</u>

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

	Local Health Department Trust Account	Vehicle Inspection	Victim Impact Program	County Elected Officials Training	Statewide 911	Adult Probation Administrative	Juvenile Probation Administrative
Cash and investments - beginning	\$ 8,076	\$ 173	\$ 2	\$ 3,473	\$ 188,343	\$ 151,211	\$ 8,501
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	16,364	-	-	-	-	-	-
Charges for services	-	174	-	1,688	323,046	-	-
Fines and forfeits	-	-	-	-	-	120,190	3,458
Other receipts	-	-	-	-	-	-	2,800
Total receipts	<u>16,364</u>	<u>174</u>	<u>-</u>	<u>1,688</u>	<u>323,046</u>	<u>120,190</u>	<u>6,258</u>
Disbursements:							
Personal services	16,636	-	-	-	254,244	157,222	283
Supplies	-	199	-	-	-	529	994
Other services and charges	1,473	-	-	141	53,386	21,615	4,876
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>18,109</u>	<u>199</u>	<u>-</u>	<u>141</u>	<u>307,630</u>	<u>179,366</u>	<u>6,153</u>
Excess (deficiency) of receipts over disbursements	<u>(1,745)</u>	<u>(25)</u>	<u>-</u>	<u>1,547</u>	<u>15,416</u>	<u>(59,176)</u>	<u>105</u>
Cash and investments - ending	<u>\$ 6,331</u>	<u>\$ 148</u>	<u>\$ 2</u>	<u>\$ 5,020</u>	<u>\$ 203,759</u>	<u>\$ 92,035</u>	<u>\$ 8,606</u>

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

	Alternative Dispute Resolution	User-County Drug Fund Probation	97.042 Empgcompema	Convention Center Operating	Colonial Life	Health Insurance	Payroll Withholding - Other
Cash and investments - beginning	\$ 17,665	\$ 180,286	\$ 144	\$ 1,075	\$ -	\$ 17,789	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	2,305	151,013	-	-	-	-	-
Other receipts	-	3,675	5,180	13,475	313	884,989	2,257
Total receipts	<u>2,305</u>	<u>154,688</u>	<u>5,180</u>	<u>13,475</u>	<u>313</u>	<u>884,989</u>	<u>2,257</u>
Disbursements:							
Personal services	-	51,800	-	-	313	-	-
Supplies	-	9,233	-	-	-	-	-
Other services and charges	1,031	34,180	5,180	-	-	-	2,257
Debt service - principal and interest	-	-	-	13,400	-	-	-
Capital outlay	-	8,983	-	-	-	-	-
Other disbursements	-	7,363	-	75	-	887,550	-
Total disbursements	<u>1,031</u>	<u>111,559</u>	<u>5,180</u>	<u>13,475</u>	<u>313</u>	<u>887,550</u>	<u>2,257</u>
Excess (deficiency) of receipts over disbursements	<u>1,274</u>	<u>43,129</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,561)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 18,939</u>	<u>\$ 223,415</u>	<u>\$ 144</u>	<u>\$ 1,075</u>	<u>\$ -</u>	<u>\$ 15,228</u>	<u>\$ -</u>

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

	AUL Retirement	Payroll Withholding - Federal	Payroll Withholding - FICA & Medicare	Payroll Withholding - PERF	Payroll Withholding - State	Payroll Withholding - Wage Garnishments	Sheriff Pension Holding
Cash and investments - beginning	\$ -	\$ -	\$ 222	\$ -	\$ -	\$ -	\$ 3,238
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	21,624
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	28,634	303,536	513,255	392,603	157,923	22,990	-
Total receipts	<u>28,634</u>	<u>303,536</u>	<u>513,255</u>	<u>392,603</u>	<u>157,923</u>	<u>22,990</u>	<u>21,624</u>
Disbursements:							
Personal services	-	-	513,523	-	157,923	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	303,536	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	28,634	-	-	392,603	-	22,990	22,189
Total disbursements	<u>28,634</u>	<u>303,536</u>	<u>513,523</u>	<u>392,603</u>	<u>157,923</u>	<u>22,990</u>	<u>22,189</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>(268)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(565)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (46)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,673</u>

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

	Settlement	CVET Agency	Sewage Collections	Financial Institution Tax	HEA 1001 State Homestead Credit	State Fines and Forfeitures	Overweight Vehicle Fines
Cash and investments - beginning	\$ -	\$ -	\$ 1,941	\$ -	\$ 567	\$ 257	\$ -
Receipts:							
Taxes	13,430,443	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	10,361	1
Other receipts	-	219,397	2,307	100,987	-	-	-
Total receipts	<u>13,430,443</u>	<u>219,397</u>	<u>2,307</u>	<u>100,987</u>	<u>-</u>	<u>10,361</u>	<u>1</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	10,500	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	13,430,443	219,397	3,286	100,987	567	102	1
Total disbursements	<u>13,430,443</u>	<u>219,397</u>	<u>3,286</u>	<u>100,987</u>	<u>567</u>	<u>10,602</u>	<u>1</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>(979)</u>	<u>-</u>	<u>(567)</u>	<u>(241)</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 962</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16</u>	<u>\$ -</u>

ORANGE 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 & Con't Education	Interstate Compact - State Share	Mortgage Recording Fees - State Share	Sex and Violent Offender Admin - State	Inheritance Tax
Cash and investments - beginning	\$ 115	\$ 205	\$ 129	\$ 75	\$ 120	\$ 10	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	2,735	1,644	-	1,620	195	-
Fines and forfeits	985	-	-	2,192	-	-	-
Other receipts	-	-	-	-	-	-	27,500
Total receipts	<u>985</u>	<u>2,735</u>	<u>1,644</u>	<u>2,192</u>	<u>1,620</u>	<u>195</u>	<u>27,500</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	795	100	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	1,100	2,655	1,604	2,267	813	75	27,370
Total disbursements	<u>1,100</u>	<u>2,655</u>	<u>1,604</u>	<u>2,267</u>	<u>1,608</u>	<u>175</u>	<u>27,370</u>
Excess (deficiency) of receipts over disbursements	<u>(115)</u>	<u>80</u>	<u>40</u>	<u>(75)</u>	<u>12</u>	<u>20</u>	<u>130</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 285</u>	<u>\$ 169</u>	<u>\$ -</u>	<u>\$ 132</u>	<u>\$ 30</u>	<u>\$ 130</u>

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

	Education Plate Fees Agency	Riverboat Revenue Sharing	Innkeepers Tax Collections	CAGIT Distribution	CEDIT Distribution	93.563 ARRA Clerk IV-D Incentive	93.563 Prosecutor IV-D Incentive-Post Oct '99
Cash and investments - beginning	\$ 56	\$ 165,893	\$ 492,456	\$ -	\$ -	\$ 3,180	\$ 15,629
Receipts:							
Taxes	-	1,667,070	972,937	2,833,537	713,848	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	14,217
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	244	-	-	-	-	-	-
Total receipts	244	1,667,070	972,937	2,833,537	713,848	-	14,217
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	192	-
Other services and charges	-	-	831,840	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	300	1,761,097	-	2,833,537	713,848	-	23,518
Total disbursements	300	1,761,097	831,840	2,833,537	713,848	192	23,518
Excess (deficiency) of receipts over disbursements	(56)	(94,027)	141,097	-	-	(192)	(9,301)
Cash and investments - ending	\$ -	\$ 71,866	\$ 633,553	\$ -	\$ -	\$ 2,988	\$ 6,328

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

	93,563 Clerk IV-D Incentive-Post Oct '99	Orange County Cir/Sup Ct	Orange County Child Support	Orange Co Clerk Odyssey	Commissary	Inmate Trust Fund	Courthouse Redem Fund
Cash and investments - beginning	\$ 12,800	\$ 183,779	\$ 4,387	\$ 420,934	\$ 45,790	\$ 5,528	\$ 845,034
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	9,448	-	-	-	-	-	-
Charges for services	-	-	-	-	168,981	162,340	-
Fines and forfeits	-	18	428,023	2,083,071	-	-	-
Other receipts	-	-	-	-	-	-	40,000
Total receipts	<u>9,448</u>	<u>18</u>	<u>428,023</u>	<u>2,083,071</u>	<u>168,981</u>	<u>162,340</u>	<u>40,000</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	150,955	156,426	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	4,996	14,775	424,335	2,054,237	-	-	-
Total disbursements	<u>4,996</u>	<u>14,775</u>	<u>424,335</u>	<u>2,054,237</u>	<u>150,955</u>	<u>156,426</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>4,452</u>	<u>(14,757)</u>	<u>3,688</u>	<u>28,834</u>	<u>18,026</u>	<u>5,914</u>	<u>40,000</u>
Cash and investments - ending	<u>\$ 17,252</u>	<u>\$ 169,022</u>	<u>\$ 8,075</u>	<u>\$ 449,768</u>	<u>\$ 63,816</u>	<u>\$ 11,442</u>	<u>\$ 885,034</u>

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

	Payment in Lieu of Taxes	Orange Co Law Enforcement Cont	Region 15 Planning	Wolfe Cemetery Fund	Sheriff Donations	Truck Hauling Permits	Highway Equipment Bond Fund
Cash and investments - beginning	\$ -	\$ 303	\$ 991	\$ 10,000	\$ 1,900	\$ 2,903	\$ 144
Receipts:							
Taxes	-	-	7,612	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	1,023	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	1,161	-	-	-	-	-
Other receipts	48,739	-	-	60	1,700	525	-
Total receipts	48,739	1,161	8,635	60	1,700	525	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	1,003	8,928	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	144
Capital outlay	-	-	-	-	-	-	-
Other disbursements	48,739	-	-	60	-	-	-
Total disbursements	48,739	1,003	8,928	60	-	-	144
Excess (deficiency) of receipts over disbursements	-	158	(293)	-	1,700	525	(144)
Cash and investments - ending	\$ -	\$ 461	\$ 698	\$ 10,000	\$ 3,600	\$ 3,428	\$ -

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

	Sheriff Walmart Grant	Rule 5 Fund	Salary Supplement Fund	Unemployment	Housing Authority	French Lick Airport Road 300 S
Cash and investments - beginning	\$ 188	\$ 5,307	\$ 3,229	\$ -	\$ -	\$ 209,942
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	30,271	5,488
Charges for services	-	3,150	-	-	-	556,212
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	9,621	5,338	-	909,998
Total receipts	-	3,150	9,621	5,338	30,271	1,471,698
Disbursements:						
Personal services	-	8,285	12,850	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	715,463
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	-	5,338	30,271	903,455
Total disbursements	-	8,285	12,850	5,338	30,271	1,618,918
Excess (deficiency) of receipts over disbursements	-	(5,135)	(3,229)	-	-	(147,220)
Cash and investments - ending	\$ 188	\$ 172	\$ -	\$ -	\$ -	\$ 62,722

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

	Operation Pullover	Section 5311 Transportation	Federal Road Sign Grant	Emergency Preparedness Grant	Veteran Officer Training	Homeland Security Grant
Cash and investments - beginning	\$ 1,392	\$ -	\$ (224)	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	1,153	-	31,108	6,951	500	14,176
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	256,239	-	-	-	-
Total receipts	<u>1,153</u>	<u>256,239</u>	<u>31,108</u>	<u>6,951</u>	<u>500</u>	<u>14,176</u>
Disbursements:						
Personal services	826	-	-	4,239	-	-
Supplies	-	-	30,884	1,908	-	-
Other services and charges	209	-	-	804	500	23,755
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	118	256,239	-	-	-	-
Total disbursements	<u>1,153</u>	<u>256,239</u>	<u>30,884</u>	<u>6,951</u>	<u>500</u>	<u>23,755</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>224</u>	<u>-</u>	<u>-</u>	<u>(9,579)</u>
Cash and investments - ending	<u>\$ 1,392</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,579)</u>

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

	Southeast Fire Department Grant	Title IV-D Incentive	OC Public Safety Narrow Banding	Adapt-Substance Abuse Program	Drug Testing - Probation	Totals
Cash and investments - beginning	\$ -	\$ 35,638	\$ 22,780	\$ 3,346	\$ 549	\$ 8,406,842
Receipts:						
Taxes	-	-	-	-	-	24,195,470
Licenses and permits	-	-	-	-	-	127
Intergovernmental	130,000	9,449	-	-	-	4,746,123
Charges for services	-	-	-	-	-	1,746,193
Fines and forfeits	-	-	-	-	-	2,901,891
Other receipts	-	-	-	-	-	5,093,159
Total receipts	<u>130,000</u>	<u>9,449</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,682,963</u>
Disbursements:						
Personal services	-	-	-	-	-	5,265,095
Supplies	-	-	-	-	-	921,254
Other services and charges	-	-	-	-	-	4,797,482
Debt service - principal and interest	-	-	-	-	-	759,504
Capital outlay	130,000	-	-	-	-	1,075,213
Other disbursements	-	2,850	19,683	-	-	25,610,934
Total disbursements	<u>130,000</u>	<u>2,850</u>	<u>19,683</u>	<u>-</u>	<u>-</u>	<u>38,429,482</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>6,599</u>	<u>(19,683)</u>	<u>-</u>	<u>-</u>	<u>253,481</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 42,237</u>	<u>\$ 3,097</u>	<u>\$ 3,346</u>	<u>\$ 549</u>	<u>\$ 8,660,323</u>

ORANGE 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>\$ 396,715</u>	<u>\$ 25,200</u>

ORANGE COUNTY
SCHEDULE OF LEASES AND DEBT
December 31, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Indiana Univ Health	Ambulance	\$ 20,355	1/1/2012	12/31/2014
Total of annual lease payments		<u>\$ 20,355</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Community Building	\$ 384,167	\$ 52,110
Revenue bonds	Courthouse Renovation	1,770,000	187,869
Notes and loans payable	Highway Equipment	<u>308,525</u>	<u>315,089</u>
Total governmental activities		<u>2,462,692</u>	<u>555,068</u>
Totals		<u>\$ 2,462,692</u>	<u>\$ 555,068</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

TO: THE OFFICIALS OF ORANGE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited Orange 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.

Basis for Adverse Opinion on Community Development Block Grant (CDBG) - State-Administered CDBG Cluster

As described in item 2014-004 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding Subrecipient Monitoring that are applicable to its CDBG - State-Administered CDBG Cluster. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program.

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

Basis for Adverse Opinion on Formula Grants for Rural Areas

As described in item 2014-006 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding Subrecipient Monitoring that are applicable to its Formula Grants for Rural Areas. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program.

Adverse Opinion on CDBG - State-Administered CDBG Cluster

In our opinion, because of the significance of the noncompliance described in the *Basis for Adverse Opinion on CDBG - State Administered CDBG Cluster* paragraph, the County did not comply in all material respects, with the requirements referred to above that could have a direct and material effect on CDBG - State-Administered CDBG Cluster for the year ended December 31, 2014.

Adverse Opinion on Formula Grants for Rural Areas

In our opinion, because of the significance of the noncompliance described in the *Basis for Adverse Opinion on Formula Grants for Rural Areas* paragraph, the County did not comply in all material respects, with the requirements referred to above that could have a direct and material effect on Formula Grants for Rural Areas for the year ended December 31, 2014.

Other Matters

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

Report on Internal Control over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that

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

material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-003, 2014-004, 2014-005, and 2014-006 to be material weaknesses.

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

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


Paul D. Joyce, CPA
State Examiner

May 23, 2016

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

ORANGE 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				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii		14.228		
Hoosier Uplands Housing	Indiana Housing and Community Development		HD-011-010	\$ 5,000
			HD-013-004	40,581
Southeast Volunteer Fire Department - Fire Truck Grant	Indiana Office of Community and Rural Affairs		A192-14-CF-13-107	<u>130,000</u>
Total - CDBG - State-Administered CDBG Cluster				<u>175,581</u>
Total - U.S. Department of Housing and Urban Development				<u>175,581</u>
<u>U.S. Department of Transportation</u>				
Highway Planning and Construction Cluster				
Highway Planning and Construction	Indiana Department of Transportation	20.205		
Federal Sign Grant			A249-09-320753	31,108
French Lick Airport Road			A249-10-320998	3,822
French Lick Airport Road Bridge			A249-11-320829	869
Bridge Inspection			A249-14-320925	<u>28,736</u>
Total - Highway Planning and Construction Cluster				<u>64,535</u>
Formula Grants for Rural Areas	Indiana Department of Transportation	20.509		
Orange County Transit - 2013			A249-13-320323	21,284
Orange County Transit - 2014			A249-14-320428	<u>123,600</u>
Total - Formula Grants for Rural Areas				<u>144,884</u>
Total - U.S. Department of Transportation				<u>209,419</u>
<u>U.S. Department of Health and Human Services</u>				
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements				
Emergency Preparedness Grant	Indiana State Department of Health	93.074		
			A70-4-0532286	<u>14,996</u>
Total - Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements				<u>14,996</u>
Child Support Enforcement	Indiana Department of Child Services	93.563		
ARRA Clerk-IV-D Incentive			2014	192
Prosecutor Incentive			2014	23,518
Clerk Incentive			2014	4,996
Court Costs Incentive			2014	2,850
Child Support Court Costs			2014	6,588
Child Support Clerk			2014	21,515
Child Support Prosecutor			2014	54,318
Child Support Indirect Costs			2014	<u>45,923</u>
Total - Child Support Enforcement				<u>159,900</u>
Total - U.S. Department of Health and Human Services				<u>174,896</u>
<u>U.S. Department of Homeland Security</u>				
Emergency Management Performance Grants				
2013 EMPG	Indiana Department of Homeland Security	97.042		
2014 EMPG			C44P-4-382B	5,180
			C44P-5-057B	<u>15,000</u>
Total - Emergency Management Performance Grants				<u>20,180</u>
Homeland Security Grant Program	Indiana Department of Homeland Security	97.067		
State Homeland Security Program			C44P-4-477B	<u>14,176</u>
Total - Homeland Security Grant Program				<u>14,176</u>
Total - U.S. Department of Homeland Security				<u>34,356</u>
Total federal awards expended				<u>\$ 594,252</u>

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

ORANGE COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

Note 2. Subrecipients

Of the federal expenditures presented in the SEFA, the County provided federal awards to sub-recipients as follows for the year ended December 31, 2014:

Program Title	Federal CFDA Number	2014
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	\$ 175,581
Formula Grants for Rural Areas	20.509	144,884

ORANGE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Adverse
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
20.509	CDBG - State-Administered CDBG Cluster Formula Grants for Rural Areas

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

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

Section II - Financial Statement Findings

FINDING 2014-001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Condition

The County did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). Material differences were noted in the County-prepared SEFA. The County incorrectly listed or omitted Federal Grantor Agencies, Cluster Titles, Program Titles, Project Titles/Grant Names, Pass-Through Agencies, CFDA Award Numbers, and Other Identifying Numbers from the SEFA. Several federal awards were not reported and several awards were presented that were partially or completely funded through state grants. In total, federal expenditures were overstated on the SEFA \$1,816,446. Audit adjustments were proposed, accepted by the County, and made to the SEFA presented in this report.

ORANGE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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

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

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

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

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

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

ORANGE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management had not established a system of internal control that would ensure accurate and complete reporting of federal expenditures on the SEFA.

Effect

Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan, which is part of this report.

FINDING 2014-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Condition

We noted the following deficiency in the internal control system of the Clerk of the Circuit Court related to financial transactions and reporting. There was a lack of segregation of duties in recordkeeping. There were no controls in place to ensure that the receipts and disbursements posted to the records, the monthly reconcilements, and the reports were complete and accurate.

All the Clerk of the Circuit Court's employees collected payments and used the same cash drawer. The Bookkeeper receipted payments, and was solely responsible for posting receipts to the records, preparing the deposits, and taking the deposits to the bank. The Bookkeeper was also responsible for reconciling the bank statements monthly and preparing the monthly Clerk of the Circuit Court's report.

The Bookkeeper was also the sole employee responsible for writing, issuing, and posting all checks for the department.

Criteria

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)

Cause

Management of the County had not established a proper system of internal control, including segregation of duties.

ORANGE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish controls would have enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the County at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls would have prevented, or detected and corrected, material misstatements in a timely manner.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan, which is part of this report.

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-003 - INTERNAL CONTROLS OVER COMMUNITY DEVELOPMENT BLOCK GRANTS/STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII

Federal Agency: U.S. Department of Housing and Urban Development

Federal Program: Community Development Block Grants/State's Program and
Non-Entitlement Grants in Hawaii

CFDA Number: 14.228

Federal Award Numbers and Years (or Other Identifying Numbers): HD-011-010, HD-013-004

Pass-Through Entity: Indiana Housing and Community Development

Condition

An effective internal control system was not in place at the County in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Allowable Costs/ Cost Principles, Period of Availability, and Reporting.

The supporting documentation attached to claims for Federal awards paid to subrecipients for reimbursement of their expenditures included only a summary listing of expenses grouped by classifications such as: Administration, Environmental Review, and Program Delivery. There was no information presented for audit, such as invoices, documenting what the actual expenses incurred by the subrecipient were or when the expenses were actually incurred. The County did not have any policies and procedures implemented to monitor the subrecipient to ensure the reports the subrecipient filed were accurate.

Context

This was a systemic problem within the Community Development Block Grants program. Three claims for reimbursement, representing 100 percent of the federal program disbursements for the Hoosier Uplands project, were issued by the County to pay the funds to the subrecipient. In all three instances, no documentation was provided by the County to indicate that the claims were being reviewed to ensure costs were allowed under the grant, costs were expended during the period of availability, and that the information on the report was accurate. The supporting documentation was requested and obtained from the subrecipient for audit.

ORANGE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

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

Cause

Management had not developed a system of internal controls that would ensure that the County complied with the compliance requirements listed above.

Effect

The failure to establish an effective internal control system placed the County at risk of noncompliance with the grant agreement and the compliance requirements. A lack of internal controls would have also allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the County's management establish controls related to the grant agreement and compliance requirements listed above.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan, which is part of this report.

FINDING 2014-004 - SUBRECIPIENT MONITORING

Federal Agency: U.S. Department of Housing and Urban Development

Federal Program: Community Development Block Grants/State's Program and
Non-Entitlement Grants in Hawaii

CFDA Number: 14.228

Federal Award Numbers and Years (or Other Identifying Numbers): HD-011-010, HD-013-004,
A192-14-CF-13-107

Pass-Through Entities: Indiana Housing and Community Development,
Indiana Office of Community and Rural Affairs

Condition

An effective internal control system was not in place at the County in order to ensure compliance with requirements related to the grant agreement and the Subrecipient Monitoring compliance requirement.

ORANGE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The County simply reimbursed the subrecipient based upon the Claim Receipts submitted by the subrecipients. The County did not have any policies and procedures in place to monitor the subrecipients, and no actual monitoring occurred.

The County did not ensure that their subrecipients, if required to, had obtained the required audits. Nor did the County obtain or review the audit reports, if available, so that they could take appropriate and timely action if required.

The County did not obtain or require their subrecipients to provide them with their DUNS number. In addition, one of the subrecipients, Southeast Volunteer Fire Company, did not obtain a DUNS number.

Context

This is a systemic problem within the County's Community Development Block Grants program, 100 percent of the grant amount was passed through to subrecipients. At no point during the year under audit was there any documentation or evidence to indicate that the County was actively monitoring the subrecipients.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

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

OMB Circular A-133, Subpart D, section .400(d) states in part:

"Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes: . . .

- (3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
- (4) Ensure that subrecipients expending \$300,000 (*\$500,000 for fiscal years ending after December 31, 2003*) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year.
- (5) Issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action. . . ."

2 CFR Appendix A to Part 25.360(B) states:

"If you are authorized to make subawards under this award, you:

1. Must notify potential subrecipients that no entity (see definition in paragraph C of this award term) may receive a subaward from you unless the entity has provided its DUNS number to you.
2. May not make a subaward to an entity unless the entity has provided its DUNS number to you."

ORANGE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management had not developed a system of internal controls that would ensure that the County complied with the subrecipient monitoring compliance requirements.

Effect

The failure to establish an effective internal control system would have caused the County to be in noncompliance with the compliance requirements and with the grant agreement. A lack of internal control system would have also allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the County's management establish controls related to the grant agreement and compliance requirements listed above. We also recommended that the County monitor the activities of the subrecipients as required by the compliance guidelines and the grant agreement.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan, which is part of this report.

FINDING 2014-005 - REPORTING

Federal Agency: U.S. Department of Transportation

Federal Program: Formula Grants for Rural Areas

CFDA Number: 20.509

Federal Award Numbers and Years (or Other Identifying Numbers): A249-13-320323, A249-14-320428

Pass-Through Entity: Indiana Department of Transportation

Condition

An effective internal control system was not in place at the County in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement.

The monthly expense or fare itemizations were not always included in the documentation provided for review by the County Auditor to file the quarterly request for reimbursement. The County did not have any policies and procedures in place to ensure the quarterly requests for reimbursements were supported by proper documentation.

Context

Fare itemization documentation was not included in the documentation maintained by the County for any of the reimbursement requests submitted during the audit period. Expense itemization documentation was available for two of the four quarterly requests for reimbursement submitted during the audit period. The supporting documentation was requested and obtained from the subrecipient for audit.

ORANGE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

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

Cause

Management had not developed a system of internal controls that would ensure that the County complied with the Reporting compliance requirement.

Effect

The failure to establish an effective internal control system would have placed the County at risk of noncompliance with the grant agreement and the compliance requirement. A lack of internal controls would have allowed noncompliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the County's management establish controls related to the grant agreement and compliance requirement listed above.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan, which is part of this report.

FINDING 2014-006 - SUBRECIPIENT MONITORING

Federal Agency: U.S. Department of Transportation

Federal Program: Formula Grants for Rural Areas

CFDA Number: 20.509

Federal Award Numbers and Years (or Other Identifying Numbers): A249-13-320323, A249-14-320428

Pass-Through Entity: Indiana Department of Transportation (INDOT)

Condition

An effective internal control system was not in place at the County in order to ensure compliance with requirements related to the grant agreement and the Subrecipient Monitoring compliance requirement.

ORANGE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The County simply reimbursed the subrecipient based upon the Claim Receipts submitted by the subrecipient. The County did not have any policies and procedures in place to monitor the subrecipient, and no actual monitoring occurred.

The County did not ensure that their subrecipient obtained the required audits nor did they obtain or review the audit reports so that they could take appropriate or timely action, if required.

The County did not obtain or require their subrecipient to provide them with their DUNS number.

Context

This was a systemic problem within the County's Formula Grants for Rural Areas program, 100 percent of the grant amount was passed through to the subrecipient. At no point during the year under audit was there any documentation or evidence to indicate that the County was actively monitoring the subrecipient.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

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

OMB Circular A-133, Subpart D, section .400(d) states in part:

"Pass-through entity responsibilities. A pass-through entity shall perform the following for the Federal awards it makes: . . .

- (3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
- (4) Ensure that subrecipients expending \$300,000 (*\$500,000 for fiscal years ending after December 31, 2003*) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year.
- (5) Issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action. . . ."

2 CFR Appendix A to Part 25.360(B) states:

"If you are authorized to make subawards under this award, you:

1. Must notify potential subrecipients that no entity (see definition in paragraph C of this award term) may receive a subaward from you unless the entity has provided its DUNS number to you.
2. May not make a subaward to an entity unless the entity has provided its DUNS number to you."

ORANGE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management had not developed a system of internal controls that would ensure that the County complied with the Subrecipient Monitoring compliance requirement.

Effect

The failure to establish an effective internal control system would have caused the County to be in noncompliance with the compliance requirement and with the grant agreement. A lack of internal control system would have also allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the County's management establish controls related to the grant agreement and compliance requirement listed above. We also recommended that the County monitor the activities of the subrecipient as required by the compliance guidelines and the grant agreement.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan, which is part of this report.

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AUDITEE PREPARED DOCUMENT

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

Donna Atchison

Auditor of Orange County

205 East Main St. Suite 1

Paoli, Indiana 47454

auditor1@co.orange.in.us

CORRECTIVE ACTION PLAN

FINDING 2014-001

Contact Person Responsible for Corrective Action: Donna Atchison
Contact Phone Number: 812-723-7100

We concur with the finding the county did not prepare a proper form SEFA. Several people where involved with the reporting and communication was limited between the parties. :

Description of Corrective Action Plan:

Auditor shall again try to enforce the grant action plan stated in previous audits, expressing the consequences of non-participation in the plan. Auditor shall assign the completion of the SEFA form to one deputy other than the accounts payable deputy without any other input from non-related parties.

Anticipated Completion Date:

Immediately May 23, 2016

Donna Atchison
(Signature)

Auditor
(Title)

May 23 2016
(Date)

BETH JONES
CLERK ORANGE CIRCUIT COURT
ONE COURT STREET
PAOLI, IN 47454
PHONE: (812) 723-2649
FAX: (812) 723-0239
Email: countyclerk@co.orange.in.us

CORRECTIVE ACTION PLAN

FINDING 2014-002

BETH JONES
(812) 723-2649

I concur with the finding.

I will implement internal controls to correct the finding effective immediately.

Corrective Action Plan will be put into place beginning May 16, 2016.



Clerk Orange Circuit Court

May 16, 2015

Donna Atchison

Auditor of Orange County

205 East Main St. Suite 1

Paoli, Indiana 47454

auditor1@co.orange.in.us

CORRECTIVE ACTION PLAN

FINDING 2014-003

Contact Person Responsible for Corrective Action: Donna Atchison
Contact Phone Number: 812-723-7100

We concur with the finding. Auditor relied upon accounts payable deputy to follow the same protocol of all other claims made in this office.

Description of Corrective Action Plan:

Accounts payable deputy will be made aware of proper documentation applies to ALL claims presented in the office. Proper documentation will be required before any checks are distributed.

Anticipated Completion Date:

May 23, 2016

Donna Atchison
(Signature)

Auditor
(Title)

May 23 2016
(Date)

Donna Atchison

Auditor of Orange County

205 East Main St. Suite 1

Paoli, Indiana 47454

auditor1@co.orange.in.us

CORRECTIVE ACTION PLAN

FINDING 2014-004

Contact Person Responsible for Corrective Action: Donna Atchison

Contact Phone Number: 812-723-7100

We concur with the finding. Views of Responsible Official:

Description of Corrective Action Plan:

The person other than the accounts payable deputy will be assigned to complete the SEFA form will also be responsible for compliance of all compliance related issues.

Anticipated Completion Date:

May 23, 2016

Donna Atchison
(Signature)

Auditor
(Title)

May 23 2016
(Date)

Donna Atchison

Auditor of Orange County

205 East Main St. Suite 1

Paoli, Indiana 47454

auditor1@co.orange.in.us

CORRECTIVE ACTION PLAN

FINDING 2014-005

Contact Person Responsible for Corrective Action:

Contact Phone Number:

We concur with the findings. Views of Responsible Official:

Description of Corrective Action Plan:

The person other than the accounts payable deputy will be assigned to complete the SEFA form will also be responsible for compliance of all reporting to be made to any and all compliance reports.

Anticipated Completion Date:

May 23, 2016

Donna Atchison
(Signature)

Auditor
(Title)

May 23 2016
(Date)

Donna Atchison

Auditor of Orange County

205 East Main St. Suite 1

Paoli, Indiana 47454

auditor1@co.orange.in.us

CORRECTIVE ACTION PLAN

FINDING 2014-006

Contact Person Responsible for Corrective Action: Donna Atchison

Contact Phone Number: 812-723-7100

We concur with the findings. Views of Responsible Official:

Description of Corrective Action Plan:

The person other than the accounts payable deputy will be assigned to complete the SEFA form will also be responsible for compliance of all compliance related issues.

Anticipated Completion Date:

May 23, 2016

Donna Atchison
(Signature)

Auditor
(Title)

May 23 2016
(Date)

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/>.