

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

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



**FILED**  
01/06/2017



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Celeste Reed	01-01-11 to 09-05-14
	(Vacant)	09-06-14 to 09-07-14
	Sherry Eblen	09-08-14 to 12-31-18
County Treasurer	Linda M. Greene	01-01-13 to 12-31-16
Clerk of the Circuit Court	Karen L. Mannix	01-01-11 to 06-26-16
	Tabatha Eblen	06-27-16 to 12-31-18
County Sheriff	John I. Wallace	01-01-11 to 12-31-18
County Recorder	Leigh Koehler	01-01-13 to 12-31-16
President of the Board of County Commissioners	Mark Cash	01-01-14 to 12-31-14
	Robert A. Little	01-01-15 to 12-31-15
	Norbert Schafer	01-01-16 to 12-31-16
President of the County Council	Judy L. Smith	01-01-14 to 12-31-14
	Joe Craig	01-01-15 to 12-31-15
	Laura Boldery	01-01-16 to 12-31-16



**STATE OF INDIANA**  
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**INDEPENDENT AUDITOR'S REPORT**

TO: THE OFFICIALS OF JEFFERSON COUNTY, INDIANA

**Report on the Financial Statement**

We have audited the accompanying financial statement of Jefferson County (County), which comprises the financial position and results of operations for the year ended December 31, 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, 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 December 1, 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

December 1, 2016



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

TO: THE OFFICIALS OF JEFFERSON COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of Jefferson County (County), which comprises the financial position and results of operations for the year ended December 31, 2014, and the related notes to the financial statement, and have issued our report thereon dated December 1, 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, 2014-002, and 2014-003 to be material weaknesses.



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

**Compliance and Other Matters**


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

**Jefferson County's Response to Findings**

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

**Purpose of This Report**

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

  
Paul D. Joyce, CPA  
State Examiner

December 1, 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.

JEFFERSON 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
GENERAL	\$ (47,840)	\$ 7,282,634	\$ 7,362,506	\$ (127,712)
ACCIDENT REPORTS	276	1,905	2,061	120
3% TOWNS	521	6,646	6,689	478
CLERK RECORD PERP FUND	53,870	12,617	12,206	54,281
COCOA	259,711	1,040,866	939,329	361,248
PRISONER REIMB	2,400	-	-	2,400
CUMULATIVE BRIDGE	1,639,423	775,634	394,538	2,020,519
CUMULATIVE CAPITAL DEVELOPMENT	1,238,770	178,987	354,450	1,063,307
CUMULATIVE COURTHOUSE	2,338,832	260,534	244,348	2,355,018
CUMULATIVE JAIL	492,037	124,012	193,647	422,402
CUMULATIVE VOTING	221,177	-	-	221,177
CO DRUG FREE	93,288	40,750	51,700	82,338
EMERGENCY TELEPHONE 911-PSAP	27	-	-	27
CENTRAL DISPATCH START UP	48,979	-	47,427	1,552
FIREARMS TRAINING	801	8,280	6,583	2,498
HEALTH	246,087	423,200	595,965	73,322
CO ID PROTECTION ACT	65,177	2,319	-	67,496
HEALTH MAINTENANCE	30,630	33,139	24,559	39,210
LOCAL ROADS AND STREETS	353,428	342,433	179,155	516,706
COUNTY MISDEMEANANT FUND	15,857	27,024	35,436	7,445
HIGHWAY	1,287,188	2,215,542	1,731,511	1,771,219
PLAT BOOK	6,408	610	-	7,018
RAINY DAY FUND	791,256	368,032	611,066	548,222
REASSESSMENT 2015	434,928	65,742	435,440	65,230
RECORDERS RECORDS PERPETUATION	344,957	34,333	57,882	321,408
GAMING REVENUE-HISTORIC BOARD	677,721	580,384	505,087	753,018
SEX AND VIOLENT OFFENDER ADMIN	275	2,090	204	2,161
SISWD	9,144	-	-	9,144
SUPPL PUBLIC DEFENDER	78,112	44,879	-	122,991
SURPLUS TAX	72,019	20,273	73,879	18,413
CO SURVEYOR CORNER PERPETUAL	9,858	6,155	5,440	10,573
TAX SALE REDEMPTION	(7,445)	91,129	81,174	2,510
TAX SALE SURPLUS	580,184	1,357,207	496,724	1,440,667
VICTIM IMPACT PROGRAM	4,204	-	-	4,204
CENTRAL DISPATCH START UP	12	13	-	25
ELECTION AND REGISTRATION	36,579	127,466	123,880	40,165
AUDITORS INELIGIBILITY DEDUCTIONS	30,587	15,281	22,045	23,823
RECORDERS CONT ED	6,440	2,319	-	8,759
STATEWIDE 911	441,475	301,636	224,211	518,900
REASSESSMENT N/S	-	516,900	193,500	323,400
ADULT PROBATION	210,409	96,527	28,791	278,145
JUV PROBATION SERVICES	12,532	3,175	1,332	14,375
CEMETERY BOARD	45,054	50	13,210	31,894
ANIMAL SHELTER	68,160	179,739	170,205	77,694
COLLECTION AGENCY FEES	8,908	531	1,533	7,906
LOCAL ORDINANCE VIOLATIONS FINES - COUNTY	(387)	387	-	-
CENTRAL DISPATCH 911 COUNTY	-	263,515	263,515	-
PAYROLL CLEARING	83,025	3,386,691	3,404,122	65,594
SHERIFF PENSION TRUST	4,173	13,936	15,275	2,834
SETTLEMENT	-	29,598,026	29,598,026	-
CVET	-	48,907	48,907	-
FINANCIAL INSTITUTION TAX	-	166,184	166,184	-
STATE FINES AND FORFEITURES	2,144	16,396	16,123	2,417
INFRACTION JUDGMENTS	853	15,630	15,181	1,302
SPECIAL DEATH BENEFITS	175	3,310	3,240	245
SALES DISCLOSURE - STATE SHARE	17,398	3,575	-	20,973
CORONERS TRAINING AND CONTINUING EDUCATION	200	3,856	3,858	198
IC TRANSFER FEES	-	500	375	125

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

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

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
MORTGAGE RECORDING FEES-STATE	198	2,518	2,538	178
CHILD RESTRAINT VIOLATION	-	100	-	100
FOREST RESTORATION	12,345	7,027	8,426	10,946
INHERITANCE TAX	20,650	18,745	39,395	-
EDU PLATE EXCISE	113	506	619	-
CASINO REVENUE	751,514	443,767	507,188	688,093
CONVENTION & TOURISM	-	345,794	345,794	-
HANOVER TOWN FINES	447	314	-	761
PROSECUTOR ARRA INCENTIVE FUND	(3)	3	-	-
CLERK ARRA FUND	52,307	5,474	4,035	53,746
93.563 TITLE IV-D INCENTIVE	39,705	5,474	-	45,179
PROSECUTOR ARRA	89,319	8,231	478	97,072
CENTRAL DISPATCH 911 CITY	-	223,902	209,934	13,968
EQUITABLE SHARING JUSTICE FUND	11,950	-	-	11,950
TREASURE CASH BOOK	470,874	457,065	470,874	457,065
SHERIFF INMATE TRUST	23,535	267,551	281,122	9,964
SHERIFF COMMISSARY	45,107	104,407	97,472	52,042
CLERK CASH BOOK	967,973	4,150,518	4,248,263	870,228
CORNERSTONE SOCIETY BR STATUE	1,402	-	-	1,402
JAWS PROGRAM	122	-	-	122
OUT OF SCHOOL GRANT (JAIBG)	720	-	-	720
LAW ENFORC FED FORFEITURE FUND	1,611	-	-	1,611
ELIZ. RHODES	5,822	-	-	5,822
EXCISE POLICE	365	24	-	389
GUARDIAN AD LITEM	21,534	-	-	21,534
JURY FEES	10,508	2,012	-	12,520
CO CHILD ABUSE FEES	50	-	-	50
ALCOHOL & TOBACCO COMMISSION	3,399	710	-	4,109
CEDIT	1,865,733	2,143,053	2,225,963	1,782,823
COMMUNITY CORRECTIONS CTP	15,227	49,155	39,654	24,728
THINK GIS	500	-	-	500
EMERGENCY/ RIGHT TO KNOW	4,600	7,530	8,845	3,285
PRE-TRIAL DIVERSION	123,554	24,290	39,559	108,285
SRI	12,777	16,310	23,828	5,259
CASA/GRANT	44,818	18,160	-	62,978
INFRACTION DEFERRAL PROGRAM	10,291	5,110	-	15,401
CEMETERY BOARD DONATIONS	8,026	-	-	8,026
ANIMAL SHELTER DONATION FUND	32,479	12,476	-	44,955
EDP / CASINO REV.	-	61,971	61,971	-
SHERIFF RESERVE UNIT FUND	(700)	700	-	-
SEIZED ASSETS	25,848	57,105	7,283	75,670
MENTAL HEALTH	1,566	-	-	1,566
LOCAL TRUST HEALTH	23,887	20,403	14,767	29,523
JEFF CO SHERIFF CONT ED	255	861	852	264
IND STATE POLICE	34,416	1,080	-	35,496
DEPT OF NATURAL RESOURCES	666	48	24	690
CITY OF MADISON	2,384	1,628	-	4,012
HOMELAND SEC/SEMA	32,685	15,611	11,611	36,685
Totals	<u>\$ 17,080,576</u>	<u>\$ 58,591,539</u>	<u>\$ 57,413,014</u>	<u>\$ 18,259,101</u>

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

JEFFERSON COUNTY  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting 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 tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, innkeeper's 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 the following: peddler licenses, dog tax licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

JEFFERSON COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Intergovernmental receipts, which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of these types of receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions 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 including, but 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, the following: 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.

JEFFERSON 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.



JEFFERSON 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, the following: 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

JEFFERSON 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 one fund (General) with a deficit in cash. This is a result of expenditures exceeding receipts.

JEFFERSON COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 8. *Holding Corporation***

The County has entered into a capital lease with Jefferson County Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the County. The lessor has been determined to be a related-party of the County. Lease payments during the year 2014 totaled \$823,000.

**Note 9. *Combined Funds***

Community Corrections, Project Income-Community Corr, and Drug Court Grant funds were reported individually in the prior financial statement, but were combined into one fund (COCOA) for the current financial statement.

Riverboat Wage Tax Sharing and Gaming Revenue-Historic Board funds were reported individually in the prior financial statement, but were combined into one fund (GAMING REVENUE-HISTORIC BOARD) for the current financial statement.

Clerk Incentive Fund and Clerk ARRA Fund funds were reported individually in the prior financial statement, but were combined into one fund (CLERK ARRA FUND) 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 County's Annual Financial Report 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.

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

	GENERAL	ACCIDENT REPORTS	3% TOWNS	CLERK RECORD PERP FUND	COCOA	PRISONER REIIMB	CUMULATIVE BRIDGE	CUMULATIVE CAPITAL DEVELOPMENT
Cash and investments - beginning	\$ (47,840)	\$ 276	\$ 521	\$ 53,870	\$ 259,711	\$ 2,400	\$ 1,639,423	\$ 1,238,770
Receipts:								
Taxes	6,197,982	-	-	-	-	-	706,149	165,043
Licenses and permits	43,670	-	-	-	-	-	-	-
Intergovernmental receipts	34,923	-	-	-	204,656	-	59,662	13,944
Charges for services	765,151	1,905	-	12,617	332,848	-	-	-
Fines and forfeits	240,908	-	6,646	-	13,024	-	-	-
Other receipts	-	-	-	-	490,338	-	9,823	-
Total receipts	<u>7,282,634</u>	<u>1,905</u>	<u>6,646</u>	<u>12,617</u>	<u>1,040,866</u>	<u>-</u>	<u>775,634</u>	<u>178,987</u>
Disbursements:								
Personal services	4,787,749	-	-	3,054	439,239	-	223,069	-
Supplies	491,057	-	-	5,466	58,667	-	27,926	62,829
Other services and charges	2,083,700	-	-	793	287,835	-	14,056	171,673
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	1,938	153,588	-	129,487	115,258
Other disbursements	-	2,061	6,689	955	-	-	-	4,690
Total disbursements	<u>7,362,506</u>	<u>2,061</u>	<u>6,689</u>	<u>12,206</u>	<u>939,329</u>	<u>-</u>	<u>394,538</u>	<u>354,450</u>
Excess (deficiency) of receipts over disbursements	<u>(79,872)</u>	<u>(156)</u>	<u>(43)</u>	<u>411</u>	<u>101,537</u>	<u>-</u>	<u>381,096</u>	<u>(175,463)</u>
Cash and investments - ending	<u>\$ (127,712)</u>	<u>\$ 120</u>	<u>\$ 478</u>	<u>\$ 54,281</u>	<u>\$ 361,248</u>	<u>\$ 2,400</u>	<u>\$ 2,020,519</u>	<u>\$ 1,063,307</u>

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

	CUMULATIVE COURTHOUSE	CUMULATIVE JAIL	CUMULATIVE VOTING	CO DRUG FREE	EMERGENCY TELEPHONE 911-PSAP	CENTRAL DISPATCH START UP	FIREARMS TRAINING
Cash and investments - beginning	\$ 2,338,832	\$ 492,037	\$ 221,177	\$ 93,288	\$ 27	\$ 48,979	\$ 801
Receipts:							
Taxes	240,614	114,351	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	19,920	9,661	-	40,750	-	-	-
Charges for services	-	-	-	-	-	-	8,280
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	260,534	124,012	-	40,750	-	-	8,280
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	34,400	1,376	-	-	-	-	-
Other services and charges	192,283	192,271	-	-	-	47,427	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	12,827	-	-	-	-	-	-
Other disbursements	4,838	-	-	51,700	-	-	6,583
Total disbursements	244,348	193,647	-	51,700	-	47,427	6,583
Excess (deficiency) of receipts over disbursements	16,186	(69,635)	-	(10,950)	-	(47,427)	1,697
Cash and investments - ending	\$ 2,355,018	\$ 422,402	\$ 221,177	\$ 82,338	\$ 27	\$ 1,552	\$ 2,498

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

	HEALTH	CO ID PROTECTION ACT	HEALTH MAINTENANCE	LOCAL ROADS AND STREETS	COUNTY MISDEMEANANT FUND	HIGHWAY	PLAT BOOK
Cash and investments - beginning	\$ 246,087	\$ 65,177	\$ 30,630	\$ 353,428	\$ 15,857	\$ 1,287,188	\$ 6,408
Receipts:							
Taxes	141,466	-	-	-	-	-	-
Licenses and permits	113,586	-	-	-	-	-	-
Intergovernmental receipts	12,511	-	33,139	289,750	-	1,973,702	-
Charges for services	137,404	2,319	-	-	-	241,840	-
Fines and forfeits	2,550	-	-	-	-	-	-
Other receipts	15,683	-	-	52,683	27,024	-	610
Total receipts	<u>423,200</u>	<u>2,319</u>	<u>33,139</u>	<u>342,433</u>	<u>27,024</u>	<u>2,215,542</u>	<u>610</u>
Disbursements:							
Personal services	474,747	-	20,369	-	-	781,412	-
Supplies	30,819	-	-	179,155	-	775,629	-
Other services and charges	90,399	-	4,190	-	-	166,658	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	7,812	-
Other disbursements	-	-	-	-	35,436	-	-
Total disbursements	<u>595,965</u>	<u>-</u>	<u>24,559</u>	<u>179,155</u>	<u>35,436</u>	<u>1,731,511</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(172,765)</u>	<u>2,319</u>	<u>8,580</u>	<u>163,278</u>	<u>(8,412)</u>	<u>484,031</u>	<u>610</u>
Cash and investments - ending	<u>\$ 73,322</u>	<u>\$ 67,496</u>	<u>\$ 39,210</u>	<u>\$ 516,706</u>	<u>\$ 7,445</u>	<u>\$ 1,771,219</u>	<u>\$ 7,018</u>



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

	RAINY DAY FUND	REASSESSMENT 2015	RECORDERS RECORDS PERPETUATION	GAMING REVENUE-HISTORIC BOARD	SEX AND VIOLENT OFFENDER ADMIN	SISWD	SUPPL PUBLIC DEFENDER
Cash and investments - beginning	\$ 791,256	\$ 434,928	\$ 344,957	\$ 677,721	\$ 275	\$ 9,144	\$ 78,112
Receipts:							
Taxes	108,464	65,742	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	524,913	-	-	-
Charges for services	-	-	2,547	-	2,090	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	259,568	-	31,786	55,471	-	-	44,879
Total receipts	368,032	65,742	34,333	580,384	2,090	-	44,879
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	435,440	-	1,500	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	94,386	-	-	-
Other disbursements	611,066	-	57,882	409,201	204	-	-
Total disbursements	611,066	435,440	57,882	505,087	204	-	-
Excess (deficiency) of receipts over disbursements	(243,034)	(369,698)	(23,549)	75,297	1,886	-	44,879
Cash and investments - ending	\$ 548,222	\$ 65,230	\$ 321,408	\$ 753,018	\$ 2,161	\$ 9,144	\$ 122,991

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

	SURPLUS TAX	CO SURVEYOR CORNER PERPETUAL	TAX SALE REDEMPTION	TAX SALE SURPLUS	VICTIM IMPACT PROGRAM	CENTRAL DISPATCH START UP	ELECTION AND REGISTRATION
Cash and investments - beginning	\$ 72,019	\$ 9,858	\$ (7,445)	\$ 580,184	\$ 4,204	\$ 12	\$ 36,579
Receipts:							
Taxes	20,273	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	9,578
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	6,155	91,129	1,357,207	-	13	117,888
Total receipts	<u>20,273</u>	<u>6,155</u>	<u>91,129</u>	<u>1,357,207</u>	<u>-</u>	<u>13</u>	<u>127,466</u>
Disbursements:							
Personal services	-	-	-	-	-	-	85,359
Supplies	-	260	-	-	-	-	15,037
Other services and charges	-	5,180	-	-	-	-	13,535
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	9,949
Other disbursements	73,879	-	81,174	496,724	-	-	-
Total disbursements	<u>73,879</u>	<u>5,440</u>	<u>81,174</u>	<u>496,724</u>	<u>-</u>	<u>-</u>	<u>123,880</u>
Excess (deficiency) of receipts over disbursements	<u>(53,606)</u>	<u>715</u>	<u>9,955</u>	<u>860,483</u>	<u>-</u>	<u>13</u>	<u>3,586</u>
Cash and investments - ending	<u>\$ 18,413</u>	<u>\$ 10,573</u>	<u>\$ 2,510</u>	<u>\$ 1,440,667</u>	<u>\$ 4,204</u>	<u>\$ 25</u>	<u>\$ 40,165</u>

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

	AUDITORS INELIGIBILITY DEDUCTIONS	RECORDERS CONT ED	STATEWIDE 911	REASSESSMENT N/S	ADULT PROBATION	JUV PROBATION SERVICES	CEMETERY BOARD
Cash and investments - beginning	\$ 30,587	\$ 6,440	\$ 441,475	\$ -	\$ 210,409	\$ 12,532	\$ 45,054
Receipts:							
Taxes	-	-	-	516,900	-	-	-
Licenses and permits	-	-	-	-	80,028	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	15,281	-	300,739	-	-	-	50
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	2,319	897	-	16,499	3,175	-
Total receipts	<u>15,281</u>	<u>2,319</u>	<u>301,636</u>	<u>516,900</u>	<u>96,527</u>	<u>3,175</u>	<u>50</u>
Disbursements:							
Personal services	-	-	79,603	-	-	-	-
Supplies	-	-	-	-	-	-	13,210
Other services and charges	22,045	-	43,144	193,500	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	101,464	-	-	-	-
Other disbursements	-	-	-	-	28,791	1,332	-
Total disbursements	<u>22,045</u>	<u>-</u>	<u>224,211</u>	<u>193,500</u>	<u>28,791</u>	<u>1,332</u>	<u>13,210</u>
Excess (deficiency) of receipts over disbursements	<u>(6,764)</u>	<u>2,319</u>	<u>77,425</u>	<u>323,400</u>	<u>67,736</u>	<u>1,843</u>	<u>(13,160)</u>
Cash and investments - ending	<u>\$ 23,823</u>	<u>\$ 8,759</u>	<u>\$ 518,900</u>	<u>\$ 323,400</u>	<u>\$ 278,145</u>	<u>\$ 14,375</u>	<u>\$ 31,894</u>

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

	ANIMAL SHELTER	COLLECTION AGENCY FEES	LOCAL ORDINANCE VIOLATIONS FINES - COUNTY	CENTRAL DISPATCH 911 COUNTY	PAYROLL CLEARING	SHERIFF PENSION TRUST	SETTLEMENT
Cash and investments - beginning	\$ 68,160	\$ 8,908	\$ (387)	\$ -	\$ 83,025	\$ 4,173	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	26,720,117
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	2,877,909
Charges for services	122,718	-	-	263,515	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	57,021	531	387	-	3,386,691	13,936	-
Total receipts	179,739	531	387	263,515	3,386,691	13,936	29,598,026
Disbursements:							
Personal services	87,115	-	-	-	3,404,122	-	-
Supplies	12,918	-	-	-	-	-	-
Other services and charges	69,024	-	-	263,515	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	1,148	-	-	-	-	-	-
Other disbursements	-	1,533	-	-	-	15,275	29,598,026
Total disbursements	170,205	1,533	-	263,515	3,404,122	15,275	29,598,026
Excess (deficiency) of receipts over disbursements	9,534	(1,002)	387	-	(17,431)	(1,339)	-
Cash and investments - ending	\$ 77,694	\$ 7,906	\$ -	\$ -	\$ 65,594	\$ 2,834	\$ -

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

	CVET	FINANCIAL INSTITUTION TAX	STATE FINES AND FORFEITURES	INFRACTION JUDGMENTS	SPECIAL DEATH BENEFITS	SALES DISCLOSURE - STATE SHARE	CORONERS TRAINING AND CONTINUING EDUCATION
Cash and investments - beginning	\$ -	\$ -	\$ 2,144	\$ 853	\$ 175	\$ 17,398	\$ 200
Receipts:							
Taxes	48,907	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	166,184	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	16,396	15,630	3,310	3,575	3,856
Total receipts	48,907	166,184	16,396	15,630	3,310	3,575	3,856
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	48,907	166,184	16,123	15,181	3,240	-	3,858
Total disbursements	48,907	166,184	16,123	15,181	3,240	-	3,858
Excess (deficiency) of receipts over disbursements	-	-	273	449	70	3,575	(2)
Cash and investments - ending	\$ -	\$ -	\$ 2,417	\$ 1,302	\$ 245	\$ 20,973	\$ 198

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

	IC TRANSFER FEES	MORTGAGE RECORDING FEES-STATE	CHILD RESTRAINT VIOLATION	FOREST RESTORATION	INHERITANCE TAX	EDU PLATE EXCISE	CASINO REVENUE
Cash and investments - beginning	\$ -	\$ 198	\$ -	\$ 12,345	\$ 20,650	\$ 113	\$ 751,514
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	100	-	-	-	-
Fines and forfeits	125	-	-	-	-	-	-
Other receipts	375	2,518	-	7,027	18,745	506	443,767
Total receipts	500	2,518	100	7,027	18,745	506	443,767
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	8,426	-	-	499,940
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	7,248
Other disbursements	375	2,538	-	-	39,395	619	-
Total disbursements	375	2,538	-	8,426	39,395	619	507,188
Excess (deficiency) of receipts over disbursements	125	(20)	100	(1,399)	(20,650)	(113)	(63,421)
Cash and investments - ending	\$ 125	\$ 178	\$ 100	\$ 10,946	\$ -	\$ -	\$ 688,093

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

	CONVENTION & TOURISM	HANOVER TOWN FINES	PROSECUTOR ARRA INCENTIVE FUND	CLERK ARRA FUND	93.563 TITLE IV-D INCENTIVE	PROSECUTOR ARRA	CENTRAL DISPATCH 911 CITY
Cash and investments - beginning	\$ -	\$ 447	\$ (3)	\$ 52,307	\$ 39,705	\$ 89,319	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	5,474	5,474	8,231	223,902
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	<u>345,794</u>	<u>314</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total receipts	<u>345,794</u>	<u>314</u>	<u>3</u>	<u>5,474</u>	<u>5,474</u>	<u>8,231</u>	<u>223,902</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	209,934
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	<u>345,794</u>	<u>-</u>	<u>-</u>	<u>4,035</u>	<u>-</u>	<u>478</u>	<u>-</u>
Total disbursements	<u>345,794</u>	<u>-</u>	<u>-</u>	<u>4,035</u>	<u>-</u>	<u>478</u>	<u>209,934</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>314</u>	<u>3</u>	<u>1,439</u>	<u>5,474</u>	<u>7,753</u>	<u>13,968</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 761</u>	<u>\$ -</u>	<u>\$ 53,746</u>	<u>\$ 45,179</u>	<u>\$ 97,072</u>	<u>\$ 13,968</u>

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

	EQUITABLE SHARING JUSTICE FUND	TREASURE CASH BOOK	SHERIFF INMATE TRUST	SHERIFF COMMISSARY	CLERK CASH BOOK	CORNERSTONE SOCIETY BR STATUE	JAWS PROGRAM
Cash and investments - beginning	\$ 11,950	\$ 470,874	\$ 23,535	\$ 45,107	\$ 967,973	\$ 1,402	\$ 122
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	457,065	267,551	104,407	4,150,518	-	-
Total receipts	-	457,065	267,551	104,407	4,150,518	-	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	470,874	281,122	97,472	4,248,263	-	-
Total disbursements	-	470,874	281,122	97,472	4,248,263	-	-
Excess (deficiency) of receipts over disbursements	-	(13,809)	(13,571)	6,935	(97,745)	-	-
Cash and investments - ending	<u>\$ 11,950</u>	<u>\$ 457,065</u>	<u>\$ 9,964</u>	<u>\$ 52,042</u>	<u>\$ 870,228</u>	<u>\$ 1,402</u>	<u>\$ 122</u>



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

	OUT OF SCHOOL GRANT (JAIBG)	LAW ENFORC FED FORFEITURE FUND	ELIZ. RHODES	EXCISE POLICE	GUARDIAN AD LITEM	JURY FEES	CO CHILD ABUSE FEES
Cash and investments - beginning	\$ 720	\$ 1,611	\$ 5,822	\$ 365	\$ 21,534	\$ 10,508	\$ 50
Receipts:							
Taxes	-	-	-	-	-	2,012	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	24	-	-	-
Total receipts	-	-	-	24	-	2,012	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	24	-	2,012	-
Cash and investments - ending	<u>\$ 720</u>	<u>\$ 1,611</u>	<u>\$ 5,822</u>	<u>\$ 389</u>	<u>\$ 21,534</u>	<u>\$ 12,520</u>	<u>\$ 50</u>

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

	ALCOHOL & TOBACCO COMMISSION	CEDIT	COMMUNITY CORRECTIONS CTP	THINK GIS	EMERGENCY/ RIGHT TO KNOW	PRE-TRIAL DIVERSION	SRI
Cash and investments - beginning	\$ 3,399	\$ 1,865,733	\$ 15,227	\$ 500	\$ 4,600	\$ 123,554	\$ 12,777
Receipts:							
Taxes	-	2,143,053	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	710	-	49,155	-	7,530	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	24,290	16,310
Total receipts	710	2,143,053	49,155	-	7,530	24,290	16,310
Disbursements:							
Personal services	-	-	38,323	-	-	17,308	-
Supplies	-	500,000	-	-	-	10,799	-
Other services and charges	-	902,963	1,331	-	-	11,102	-
Debt service - principal and interest	-	823,000	-	-	-	-	-
Capital outlay	-	-	-	-	-	350	-
Other disbursements	-	-	-	-	8,845	-	23,828
Total disbursements	-	2,225,963	39,654	-	8,845	39,559	23,828
Excess (deficiency) of receipts over disbursements	710	(82,910)	9,501	-	(1,315)	(15,269)	(7,518)
Cash and investments - ending	\$ 4,109	\$ 1,782,823	\$ 24,728	\$ 500	\$ 3,285	\$ 108,285	\$ 5,259

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

	CASA/GRANT	INFRACTION DEFERRAL PROGRAM	CEMETERY BOARD DONATIONS	ANIMAL SHELTER DONATION FUND	EDP / CASINO REV.	SHERIFF RESERVE UNIT FUND	SEIZED ASSETS
Cash and investments - beginning	\$ 44,818	\$ 10,291	\$ 8,026	\$ 32,479	\$ -	\$ (700)	\$ 25,848
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	61,971	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	57,105
Other receipts	18,160	5,110	-	12,476	-	700	-
Total receipts	18,160	5,110	-	12,476	61,971	700	57,105
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	61,971	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	7,283
Total disbursements	-	-	-	-	61,971	-	7,283
Excess (deficiency) of receipts over disbursements	18,160	5,110	-	12,476	-	700	49,822
Cash and investments - ending	\$ 62,978	\$ 15,401	\$ 8,026	\$ 44,955	\$ -	\$ -	\$ 75,670

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

	MENTAL HEALTH	LOCAL TRUST HEALTH	JEFF CO SHERIFF CONT ED	IND STATE POLICE	DEPT OF NATURAL RESOURCES	CITY OF MADISON	HOMELAND SEC/SEMA	Totals
Cash and investments - beginning	\$ 1,566	\$ 23,887	\$ 255	\$ 34,416	\$ 666	\$ 2,384	\$ 32,685	\$ 17,080,576
Receipts:								
Taxes	-	-	-	-	-	-	-	37,191,073
Licenses and permits	-	-	-	-	-	-	-	237,284
Intergovernmental receipts	-	-	-	-	-	-	-	6,390,568
Charges for services	-	-	-	-	-	-	15,611	2,468,096
Fines and forfeits	-	-	-	-	-	-	-	320,358
Other receipts	-	20,403	861	1,080	48	1,628	-	11,984,160
Total receipts	-	20,403	861	1,080	48	1,628	15,611	58,591,539
Disbursements:								
Personal services	-	14,767	-	-	-	-	-	10,456,236
Supplies	-	-	-	-	-	-	-	2,219,548
Other services and charges	-	-	-	-	-	-	11,611	6,005,446
Debt service - principal and interest	-	-	-	-	-	-	-	823,000
Capital outlay	-	-	-	-	-	-	-	635,455
Other disbursements	-	-	852	-	24	-	-	37,273,329
Total disbursements	-	14,767	852	-	24	-	11,611	57,413,014
Excess (deficiency) of receipts over disbursements	-	5,636	9	1,080	24	1,628	4,000	1,178,525
Cash and investments - ending	\$ 1,566	\$ 29,523	\$ 264	\$ 35,496	\$ 690	\$ 4,012	\$ 36,685	\$ 18,259,101

JEFFERSON COUNTY  
 SCHEDULE OF LEASES AND DEBT  
 December 31, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Jefferson County Building Corporation	Jail Lease	\$ 823,000	01/01/2005	01/01/2016
Total of annual lease payments		<u>\$ 823,000</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](http://www.in.gov/sboa)

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

TO: THE OFFICIALS OF JEFFERSON COUNTY, INDIANA

**Report on Compliance for the Major Federal Program**

We have audited Jefferson County's (County) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2014. The County's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on the Major Federal Program***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2014.



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

**Report on Internal Control over Compliance**


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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2014-004 to be a material weakness.

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

December 1, 2016

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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.

JEFFERSON 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>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 Audubon Park	Indiana Office of Community and Rural Affairs	14.228	DR2-09-230	\$ 386,660
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii Housing Rehab	Indiana Housing and Community Development Authority	14.228	HD-012-009	<u>393,674</u>
Total - CDBG - State-Administered CDBG Cluster				<u>780,334</u>
Total - Department of Housing and Urban Development				<u>780,334</u>
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster				
Highway Planning and Construction Bridge 1	Indiana Department of Transportation	20.205	Des #0800774	<u>8,518</u>
Total - Highway Planning and Construction Cluster				<u>8,518</u>
Interagency Hazardous Materials Public Sector Training and Planning Grants	Indiana Department of Homeland Security	20.703	C44P-4-428B	<u>3,777</u>
Total - Department of Transportation				<u>12,295</u>
<u>Department of Health and Human Services</u>				
Hospital Preparedness Program (HPP) and Public Health Emergency Emergency Preparedness (PHEP) Aligned Cooperative Agreements				
Bioterrorism Grant - 2012	Indiana State Department of Health	93.074	BPRS 138-70	3,535
Bioterrorism Grant - 2013			BPRS 138-70	<u>11,463</u>
Total - Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements				<u>14,998</u>
Child Support Enforcement Title IV-D	Indiana Department of Child Services	93.563		<u>202,042</u>
Total - Department of Health and Human Services				<u>217,040</u>
<u>Department of Homeland Security</u>				
Emergency Management Performance Grants				
2014 EMA Competitive Grant	Indiana Department of Homeland Security	97.042	C44P-4-367B	5,180
Reimbursement 50% Salary Match			C44P-5-040B	<u>21,416</u>
Total - Emergency Management Performance Grants				<u>26,596</u>
Homeland Security Grant Program Hazardous Materials Team Qualification Program	Indiana Department of Homeland Security	97.067	C44P-4-490B	<u>6,329</u>
Total - Department of Homeland Security				<u>32,925</u>
Total federal awards expended				<u>\$ 1,042,594</u>

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

JEFFERSON 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 under programs of the federal government for the year ended December 31, 2014. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the County, it is not intended to and does not present the financial position of the County.

**Note 2. Summary of Significant Accounting Policies**

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-133, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

JEFFERSON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

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

Federal Awards:

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

Identification of Major Program:

\_\_\_\_\_ Name of Federal Program or Cluster \_\_\_\_\_  
CDBG - State-Administered CDBG Cluster

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

Auditee qualified as low-risk auditee? no

**Section II - Financial Statement Findings**

**FINDING 2014-001 - INTERNAL CONTROLS AND COMPLIANCE OVER FINANCIAL TRANSACTIONS AND REPORTING AND PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

*Condition*

There were the following deficiencies related to financial transactions and reporting:

1. Annual Financial Report

The County did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Annual Financial Report (AFR). The County Auditor prepared and entered the AFR via the Gateway system. There was no additional oversight or review of the

JEFFERSON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

AFR by someone other than the County Auditor to ensure the AFR was accurate prior to submitting.

The AFR submitted by the County Auditor was materially incorrect and did not accurately reflect the transactions and balances of the County funds. Many of the County funds were not reported on the AFR and the receipts, disbursements, and balances for many of the funds that were reported did not agree with the ledger. The audited financial statement was compiled from the AFR resubmitted by the County Auditor.

2. Schedule of Expenditures of Federal Awards

The County did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The County Auditor prepared and entered the SEFA via the Gateway system. There was no additional oversight or review of the SEFA by someone other than the County Auditor to ensure the SEFA was accurate prior to submitting.

During the audit of the SEFA, we the noted the federal expenditures reported for five federal programs were understated by \$593,500.

Audit adjustments were proposed, accepted by the County, and made to the SEFA.

*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).

IC 5-11-1-4(a) states:

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

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

JEFFERSON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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."

*Cause*

Management had not established a system of internal control that would have ensured proper reporting of the AFR and SEFA.

*Effect*

Without a proper system of internal control in place that operated effectively, material misstatements of the AFR and SEFA remained undetected. The AFR and SEFA contained the errors identified in the *Condition*.

*Views of Responsible Officials*

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



JEFFERSON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

*Condition*

There were several deficiencies in the internal control system of the Clerk of the Circuit Court (Clerk) related to financial transactions and reporting.

1. Lack of Segregation of Duties: The Clerk had not separated incompatible activities related to cash and investment balances, receipts, and disbursements. One employee performed the following duties without any oversight or review:
  - a. Issued receipts
  - b. Balanced cash drawer
  - c. Made-up deposit
  - d. Took deposits to the bank
  - e. Posted receipts and checks to records
  - f. Made adjustments
  - g. Issued checks
  - h. Prepared bank reconcilements
2. Monitoring of Controls: The Clerk had no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting required the Clerk to monitor and assess the quality of the system of internal control.

*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 Clerk's office has not established a proper system of internal control.

JEFFERSON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Effect*

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the Clerk's office 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 that is part of this report.

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

*Condition*

There were several deficiencies in the internal control system of the County Treasurer related to financial transactions and reporting.

1. Monthly bank reconciliations and financial reports: The County Treasurer had not established controls to ensure that record balances were fully reconciled to the depository balances and monthly financial reports were accurate and complete. During our testing of the bank reconciliation and financial reports at December 31, 2014, there were the following:
  - a. The County Treasurer did not properly complete monthly reconciliations of the records to the bank accounts for the months from April through December 2014. Reconciling items were not properly identified, such as electronic deposits receipted in later months, and listings of outstanding checks were inaccurate. As of December 31, 2014, the bank account indicated cash short in the amount of \$49,517.
  - b. Posting of tax payments through the Lockbox system (this is where taxes are collected at the bank) were not reconciled to the actual deposits on the bank statements.
  - c. The record balances shown in the County Treasurer's Cash Book for the various bank accounts did not agree with the total of the County Auditor's fund ledger and after settlement collections recorded.
2. Monitoring of Controls: The County Treasurer had no process to identify or communicate corrective actions to improve controls. Effective internal control over financial reporting required the County Treasurer to monitor and assess the quality of the system of internal control.

*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.

JEFFERSON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 10)

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for County Treasurers of Indiana, Chapter 10)

*Cause*

Management of the County Treasurer's office had not established a proper system of internal control and review to ensure that reconciliations to the bank balances were complete and accurate; and that monthly financial reports were completed accurately.

*Effect*

The failure to establish controls and complete monthly financial reports enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the County Treasurer's office 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 that is part of this report.

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2014-004 - DAVIS-BACON ACT**

Federal Agency: Department of Housing and Urban Development  
Federal Program: Community Development Block Grants/State's  
Program and Non-Entitlement Grants in Hawaii  
CFDA Number: 14.228  
Federal Award Number and Year (or Other Identifying Numbers): DR2-09-230  
Pass-Through Entity: Indiana Office of Community and Rural Affairs

*Condition*

An effective internal control system was not in place at the County to ensure compliance with the grant agreement and the Davis-Bacon Act compliance requirement.

JEFFERSON COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The County hired a Grant Administrator to assist in overseeing the labor standard requirements under the Davis-Bacon Act. Certified payrolls were submitted by the contractor to the Grant Administrator who would determine if prevailing wages were being properly paid. The County did not have procedures in place to provide oversight, review, or approval of the work performed by the Grant Administrator

*Context*

The lack of properly designed or implemented internal controls over the compliance requirement listed above was evident during the entire audit period.

*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 did not develop a system of internal controls that segregated key functions.

*Effect*

The failure to establish an effective internal control system placed the County at risk of non-compliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirement and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approval over the activities of the program.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

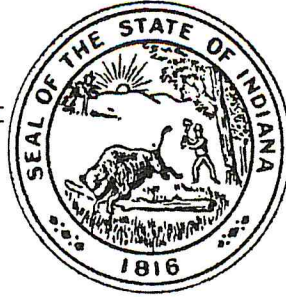
We recommended that the County's management establish controls, including segregation of duties, related to the grant agreement and compliance requirement listed above.

*Views of Responsible Officials*

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

#### AUDITEE-PREPARED DOCUMENTS

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



Courthouse - Room 101  
300 E. Main Street  
Madison, IN 47250

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Fax: 812-273-5302  
sherry.eblen@jeffersoncounty.in.gov

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

***FINDING 2013-003 Reporting (Child Support Enforcement)***

Fiscal year in which the finding initially occurred: 2013  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Child Services  
Contact Person Responsible for Corrective Action: Sherry Eblen, County Auditor  
Contact Phone Number: 812-265-8966

Status of Audit Finding:

**Internal Control is ongoing.**

***FINDING 2013-004 Davis-Bacon Act (CDBG Program)***

Fiscal year in which the finding initially occurred: 2013  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Office of Community and Rural Affairs  
Contact Person Responsible for Corrective Action: Sherry Eblen, County Auditor  
Contact Phone Number: 812-265-8966

Status of Audit Finding:

**Oversight precautions have been placed in RE: Of Federal Programs / Block Grants and is ongoing.**

***FINDING 2013-005 Reporting (CDBG Program)***

Fiscal year in which the finding initially occurred: 2013  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Office of Community and Rural Affairs  
Contact Person Responsible for Corrective Action: Sherry Eblen, County Auditor  
Norbert Schafer, President of Board of County Commissioners  
Contact Phone Number: 812-265-8966

Status of Audit Finding:

**Jefferson County Commissioners have set in place Internal Controls – By Ordinance NO: 2015-5**

**SHERRY EBLER, AUDITOR**



**JEFFERSON COUNTY**

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(2)

*Sherry Ebler*

(Signature)

*Auditor*

(Title)

*10/17/2016*

(Date)



**CORRECTIVE ACTION PLAN**

**FINDING 2014-001**

Contact Person Responsible for Corrective Action: Sherry Eblen, Auditor  
Contact Phone Number: 812-265-8942

Views of Responsible Official: **We concur with the findings.**

Description of Corrective Action Plan:

1. Annual Financial Report :

**I do agree there were issues with the reporting of the Annual Financial Report into the Government web-site Gateway and I was unaware the uploading of the financial information did not upload correctly. However I have added the information manually into Gateway.**

**Going forward I will make sure that all information that is uploaded into Gateway is done correctly and have my First Deputy to also check the information and assure that the information is correct. I will have a document signed by both parties stating we have reviewed the AFR.**

2. Schedule of Expenditures of Federal Awards:

**I do agree there were issues with reporting of Schedule of Expenditures Federal Awards (SEFA) into the Government web-site Gateway. I have a better knowledge of the procedure and I will make sure I have copies of all Grants and kept in a binder in the Auditor's Office. I have corrected – added the amounts in Gateway.**

**I will in the future to make sure that any information Gateway are correct. Once I have completed my review I will have my First Deputy to review the information for accuracy. I will have a document signed by both parties stating we have reviewed the SEFA.**

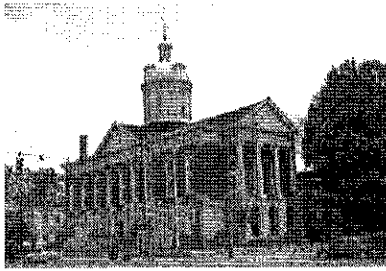
Anticipated Completion Date: **Immediate and ongoing.**

Sherry Eblen  
(Signature)

Auditor  
(Title)

11/22/2016  
(Date)





## Jefferson County Clerk

Courthouse, Room 203

300 E. Main Street

Madison, Indiana 47250

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

FINDING 2014-002

CONTACT PERSON: Tabatha Eblen, Clerk

CONTACT NUMBER: 812-265-7614

We concur with the finding.

### DISCRIPTION OF CORRECTION ACTION PLAN:

The Jefferson County Clerk of the Circuit Court has implemented the following plans which became effective November 15, 2016.

Each employee takes payments and will run their own receipts. Each employee will balance their own drawer and give it to the book keeper. After each employee balances their drawer for the judicial and child support payments they have received, the Clerk or the First Deputy Clerk will double check the numbers and balances. After each trial balance is initialed stating it has been counted, the bookkeeper will then count each balance and prepare the bank deposit. Once the bank deposit has been prepared, the Clerk or the First Deputy Clerk will then check the deposit to ensure all balances are correct. Each employee in the office rotates taking the deposit to the bank.

All employees can post receipts and checks to records. All employees can issues checks. The check printer is in the book keepers office so if the book keeper runs a check for an employee, the employee is in the room and monitors the check being issued. If the book keeper is no in the office, another employee will come and watch as the check is printed. The Clerk, book keeper and First Deputy can make adjustments. Whomever does an adjustment will have one of the others authorized review and sign off.

The book keeper prepares bank reconcilements and the clerk or first deputy review and sign off. The clerk will evaluate all controls on a consistent basis to ensure they are working correctly.

Anticipated Completion Date: The implementation of this action plan has already taken effect.

Savathia Eblen  
(Signature)

Clerk  
(Title)

11 / 28 / 16  
(Date)

## JEFFERSON COUNTY TREASURER

November 16, 2016

Indiana State Board of Accounts  
Brian T Watkins, CPA  
Audit Manager

RE: FINDING 2014-003

As Jefferson County Treasurer, I concur with the Audit Results and Comments included in the above Finding 2014-003. I fully accept the responsibilities of my office, and I regret that these problems occurred. I assure you and the taxpayers of Jefferson County that I have taken steps to remediate these issues.

Upon learning of the deficiencies, there was a necessary personnel change and the hiring of a new employee that will rectify the situation with the monthly bank reconciliations and financial reports and together we have been working toward accurate and timely reporting.

I appreciate the manner in which the field examiners of the Indiana State Board of Accounts assisted this office in determining the discrepancies and the guidance and support they gave as we began to take corrective action and set up monitoring controls for the future.

I want the public to know that I am committed to fulfill the responsibilities of the office of Jefferson County Treasurer in the prescribed manner. We hope to correct the deficiencies that have been noted within the next six months.

Sincerely,



Linda M Greene  
Jefferson County Treasurer



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Madison, IN 47250

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Fax: 812-273-5302  
sherry.eblen@jeffersoncounty.in.gov

CORRECTIVE ACTION PLAN

**FINDING 2014-004**

Contact Person Responsible for Corrective Action: Sherry Eblen, Auditor  
Contact Phone Number: 812-265-8942

Views of Responsible Official:

Description of Corrective Action Plan: **We concur with the findings.**

**The recommendation placed forth, reference to grant agreements, Internal Controls over Davis Bacon Act will in the future be managed in a way as to have segregation of duties in forced. Providing a system control should ensure that grant requirements are met and kept in compliance also to detect or make any correction in a timely manner. When the Grant Administrator submits Certified Payroll from a contractor the Auditor's Office will review all payroll submissions to stay with compliance requirements as to prevent any misuse and or mismanagement of federal funds.**

Anticipated Completion Date: **immediately and ongoing.**

Sherry Eblen  
(Signature)

Auditor  
(Title)

11/22/2016  
(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/>.