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

FINANCIAL STATEMENT AND

FEDERAL SINGLE AUDIT REPORT

OF

PULASKI COUNTY, INDIANA

January 1, 2012 to December 31, 2012

FILED
07/18/2013

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SCHEDULE OF OFFICIALS

Office	Official	Term
Auditor	Sheila Garling	01-01-09 to 12-31-16
Treasurer	Sheryl DeGroot	01-01-09 to 12-31-12
	Lynn Wilder	01-01-13 to 12-31-16
Clerk	Tasha Foerg	01-01-11 to 12-31-14
Sheriff	Michael Gayer	01-01-09 to 12-31-16
Recorder	Lynn Wilder	01-01-09 to 12-31-12
	Christy Shorter Hoffa	01-01-13 to 12-31-16
President of the Board of County Commissioners	Michael Tiede	01-01-12 to 12-31-12
	Tracey Shorter	01-01-13 to 12-31-13
President of the County Council	Jerry Sullivan	01-01-12 to 12-31-13

STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF PULASKI COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of Pulaski County (County), which comprises the financial position and results of operations for the year ended December 31, 2012, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the County prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the County for the year ended December 31, 2012.

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, 2012, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 30, 2013, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Accompanying Information

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the County's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was conducted for the purpose of forming an opinion on the County's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

Other Information

Included in the financial statement are the receipts and disbursements activity from emergency telephone system fees (IC 36-8-16), enhanced wireless emergency telephone fees (IC 36-8-16.5), and statewide 911 services fees (IC 36-8-16.7). In accordance with Indiana Code 36-8-16-14, Indiana Code 36-8-16.5-41, and Indiana Code 36-8-16.7-38, these fees have been subject to an annual audit performed by the State Board of Accounts and, in our opinion, are fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Bruce Hartman
State Examiner

June 20, 2013

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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 PULASKI 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 Pulaski County (County), which comprises the financial position and results of operations for the year ended December 31, 2012, and the related notes to the financial statement, and have issued our report thereon dated June 30, 2013, 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 item 2012-1 to be material weaknesses.

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

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)

provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Pulaski 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.

Bruce Hartman
State Examiner

June 20, 2013

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FINANCIAL STATEMENT

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.

PULASKI COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2012

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
County General	$ 3,706,447	$ 7,397,501	$ 7,283,287	$ 3,820,661
Statewide 911	-	457,028	73,416	383,612
Highway	859,767	1,995,387	2,004,296	850,858
Local Road And Street	235,313	121,792	202,361	154,744
Aviation	57,833	65,596	39,474	83,955
Accident Report	12,097	1,190	7,969	5,318
Firearms Training	1,301	6,589	5,844	2,046
Health	201,943	220,340	234,182	188,101
Emergency Medical Ambulance Service	24,297	373,817	340,554	57,560
Comm Dev Comm Donation	3,484	500	1,945	2,039
Law Enforcement Cont. Ed	629	2,000	1,309	1,320
Clerk's Records Perpetuation	48,551	5,636	-	54,187
Enhanced 911	111,144	55,141	166,285	-
Co Riverboat Rev Sharing	365,431	54,507	-	419,938
Pul Co Emerg Telephone System	274,851	29,411	304,262	-
Drug Free Commission	14,719	4,775	10,701	8,793
Drainage Maintenance	1,628,004	417,445	372,735	1,672,714
Prosecutor Title IV-D #1	43,571	11,418	9,177	45,812
Extradition	872	-	-	872
Recorder's Records Perpetuation	84,135	22,869	3,698	103,306
User Fee	112,267	23,172	24,294	111,145
Health Maintenance	50,787	32,672	23,146	60,313
Pretrial Diversion	4,518	22,294	25,767	1,045
Guardian Ad Litem/Court	11,031	3,482	3,482	11,031
Plat Book Fees	1,458	4,158	-	5,616
Misdemeanant	66,087	10,550	30,972	45,665
Supplemental Public Defender Svc	75,276	11,853	5,197	81,932
Clerk Incentive IV-D	45,111	7,586	7,800	44,897
Surveyor's Perpetuation	6,635	3,575	-	10,210
Jury Pay	2,925	-	-	2,925
Rainy Day	853,948	-	-	853,948
Co Sales Disclosures	18,037	1,767	-	19,804
CEDIT Capital Projects	2,041,275	547,510	572,782	2,016,003
Sheriff's Seized Assets	311	-	-	311
County Levy Excess	68	-	-	68
Wireless 911	2,706	276	2,982	-
Auditors Ineligible Deductions	-	2,698	-	2,698
Co Elected Officials Training	480	1,364	-	1,844
Cumulative Capital Development	1,520,347	151,902	26,449	1,645,800
Cumulative Bridge	2,033,346	237,113	230,038	2,040,421
Cumulative Jail	189,858	1,195	-	191,053
General Drain Improvement	1,300,153	86,934	25,758	1,361,329
Sheriff Pension Trust	60,294	13,552	-	73,846
Congressional School Interest	9,867	189	1,011	9,045
Clerk's Trust	143,321	1,322,840	1,312,607	153,554
Tax Sale Redemption	5,444	17,252	20,742	1,954
Surplus Tax	13,608	15,186	11,152	17,642
County Sheriff	2,503	201,887	198,764	5,626
Infraction Judgments	-	16,200	16,200	-
Inheritance Tax	200,294	1,177,026	1,131,949	245,371
Sheriff's Inmate Trust	14,713	193,729	204,857	3,585
Special Death Benefit	-	1,190	1,190	-
Education Plate Fees Agency	-	600	600	-
Child Restraint Violations Fee	-	76	76	-
Tax Distribution	1,461,401	16,481,904	14,867,388	3,075,917
Star City Sewer Planning Grant	-	381,086	381,086	-
16.738 D3-11-5940 JAG-FA	150,000	-	150,000	-
16.738 09-DJ-096 Edward Byrne JAG	79,252	-	107,823	(28,571)
2017 Reassessment	59,029	58,670	-	117,699
Special Donation	411	500	398	513
Cumulative Building	113,795	114,193	-	227,988
Emergency Flood Exp	1,041	-	1,041	-

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

PULASKI COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
Airport Improvements	-	6,300	300	6,000
97.055 2010 IECGP Grant	-	22,037	24,047	(2,010)
97.042 2011 EMPG-C Grant	-	3,623	3,623	-
97.001 2009 IECGP Grant	-	-	17,000	(17,000)
2012 Data Share Initiative	-	2,000	2,000	-
Probation Department	545	9,024	9,569	-
Donations	70,279	-	-	70,279
Property Reassessment	384,938	15	128,389	256,564
Sheriff's Continuing Education	296	1,053	-	1,349
Recycling Purchase of Recyclables	514	-	514	-
FEMA Supplemental Funding Gr	389	-	-	389
Rural Dev Action Grant	5,740	-	-	5,740
Work Release	69,476	43,556	68,498	44,534
Riverboat Rev Sharing	-	79,392	79,392	-
Sheriff's Commissary	415	91,993	81,501	10,907
Welfare Excise Allocation	-	261,652	261,652	-
D.A.R.E. Donation	434	-	434	-
Bioterrorism Grant-Health	5,614	-	-	5,614
Coroners Education	90	1,071	1,089	72
Operation Pullover	1,145	2,270	3,415	-
County Portion Child Psych Rts	33,348	-	-	33,348
06 Homeland Security CFDA #97.073	21,686	-	-	21,686
Sales Disclosure	200	1,768	1,783	185
Appointed Special Advocate Ser	850	50	-	900
Grant Health Bio 05/06	6,149	5,064	7,244	3,969
Co General Incentive IV-D	29,724	7,587	3,150	34,161
Co Rec ID Sec Protect	13,415	1,364	750	14,029
Health- 2001 Tobacco Settmt	27,294	14,299	17,880	23,713
Justice Center CAGIT	1,890,463	820,917	616,364	2,095,016
L.E.P.C. Emergency Planning	20,166	8,672	15,638	13,200
Probation Alco Sens/Drug Screen	960	5,923	5,572	1,311
Probation Detention Assessmt	142	-	-	142
Prosecutor Coord Council Fees	1,792	-	-	1,792
Recorders Mortgage Fee	128	1,198	1,223	103
Section 102 Voting System	198	-	-	198
Sheriff Canine Donation	116	-	-	116
Sheriff's Alco Sensors	656	-	-	656
Sheriff's Controlled Subst Tax	714	-	-	714
Superior Court Drug/Alcohol	9,175	-	-	9,175
Supp Adult Probation Serv	155,695	50,179	29,585	176,289
Supp Juvenile Probation Serv	25,620	2,624	-	28,244
Title III Voting System	50,528	-	731	49,797
City & Town Court Costs	1,686	3,948	1,685	3,949
Congressional School Prin	25,293	-	-	25,293
Victim Assistance 06/07	-	-	3,732	(3,732)
Victim Assistance 07/08	(4,362)	22,177	17,812	3
Fines & Forfeitures	497	6,880	6,899	478
Delinquent Sewer Assessmt	-	21,846	21,846	-
State Homestead Credit	220	-	-	220
Interstate Comp Appl	-	225	150	75
H1N1 Grant- Co Health Dept	1,788	-	-	1,788
ARRA Clerk Incentive	117	-	-	117
DEA Marijuana Erad	1,250	-	-	1,250
Automation Exter. Defibulator	26	-	-	26
8 Aviation	160	262	-	422
JAIBG Program Gr#06-Jb-020	10,000	-	-	10,000
Maintenance Department	1,000	180	180	1,000
Health Department	20	59,592	59,592	20
Jail Lease Rental	19,197	281,092	261,500	38,789
Industrial Park Improvements	43,644	-	-	43,644
Comm Develop Comm Blk Grt	107,978	69,115	132,000	45,093
Recorder Dept	5,309	67,325	64,931	7,703

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

PULASKI COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
Treasurer	188,528	12,954,654	12,900,798	242,384
Payroll	32,156	1,846,679	1,878,730	105
Tax Sale Costs	31,879	19,871	12,056	39,694
Tax Sale Surplus	105,778	75,119	80,238	100,659
State Sex And Viol Offn Adm	43	128	149	22
Co. Sex And Violent Offn. Adm.	3,190	1,152	-	4,342
Aviation Improv Donation	19,545	500	-	20,045
Transfer Station	100	-	-	100
Totals	$ 21,749,922	$ 49,263,499	$ 47,270,687	$ 23,742,734

The notes to the financial statement are an integral part of this 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 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. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the County.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

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

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

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

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

E. Disbursements

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

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

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

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

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

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The County may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the County. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the County. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the County in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the County submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the County in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

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 purchase of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

B. County Police Retirement Plan

Plan Description

The County Police Retirement Plan is a single-employer defined benefit pension plan. With the approval of the County's fiscal body, the plan is administered by the sheriff's department and an appointed trustee as authorized by state statute (IC 36-8-10-12) for full-time police officers. 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. Restatement of County Offices

Certain funds that were included on the prior year financial statement have been omitted from the current year financial statement to more accurately reflect the financial activity of the County. These funds account for receipts and disbursements of County offices that are also eventually accounted for in the County's general ledger and the financial statement.

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. These funds were established to account for expenditures to be reimbursed from a federal grant. The reimbursement for expenditures made by the County was not received as of December 31, 2012.

Note 9. Holding Corporation

The County has entered into a capital lease with Pulaski County Holding Corporation (the lessor). The lessor was organized as a (not for profit) corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the County. The lessor has been determined to be a related party of the County. Lease payments during the year 2012 totaled $523,000.

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the County's Annual Report information can be found on the Gateway website: https://gateway.ifionline.org/.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the County which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the County. It is presented as intended by the County.

PULASKI COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2012

	County General	Statewide 911	Highway	Local Road And Street	Aviation	Accident Report	Firearms Training
Cash and investments - beginning	$ 3,706,447	$ -	$ 859,767	$ 235,313	$ 57,833	$ 12,097	$ 1,301
Receipts:							
Taxes	5,398,282	-	128,443	-	44,956	-	-
Licenses and permits	38,340	-	-	-	-	-	-
Intergovernmental	413,443	-	1,850,690	121,447	3,756	-	-
Charges for services	771,667	85,747	-	-	16,884	1,190	6,430
Fines and forfeits	63,068	-	-	-	-	-	-
Other receipts	712,701	371,281	16,254	345	-	-	159
Total receipts	7,397,501	457,028	1,995,387	121,792	65,596	1,190	6,589
Disbursements:							
Personal services	5,468,046	-	998,302	-	4,095	-	-
Supplies	206,815	760	826,249	202,361	210	-	-
Other services and charges	1,446,794	52,196	155,136	-	35,169	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	156,665	20,460	24,609	-	-	-	-
Other disbursements	4,967	-	-	-	-	7,969	5,844
Total disbursements	7,283,287	73,416	2,004,296	202,361	39,474	7,969	5,844
Excess (deficiency) of receipts over disbursements	114,214	383,612	(8,909)	(80,569)	26,122	(6,779)	745
Cash and investments - ending	$ 3,820,661	$ 383,612	$ 850,858	$ 154,744	$ 83,955	$ 5,318	$ 2,046

PULASKI COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

	Health	Emergency Medical Ambulance Service	Comm Dev Comm Donation	Law Enforcement Cont. Ed	Clerk's Records Perpetuation	Enhanced 911	Co Riverboat Rev Sharing
Cash and investments - beginning	$ 201,943	$ 24,297	$ 3,484	$ 629	$ 48,551	$ 111,144	$ 365,431
Receipts:							
Taxes	146,661	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	11,359	-	-	-	-	-	54,507
Charges for services	61,622	-	-	-	-	55,141	-
Fines and forfeits	-	-	-	-	5,636	-	-
Other receipts	698	373,817	500	2,000	-	-	-
Total receipts	220,340	373,817	500	2,000	5,636	55,141	54,507
Disbursements:							
Personal services	200,166	-	-	-	-	-	-
Supplies	2,025	-	-	-	-	222	-
Other services and charges	30,590	-	-	-	-	80,330	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	1,401	-	-	-	-	-	-
Other disbursements	-	340,554	1,945	1,309	-	85,733	-
Total disbursements	234,182	340,554	1,945	1,309	-	166,285	-
Excess (deficiency) of receipts over disbursements	(13,842)	33,263	(1,445)	691	5,636	(111,144)	54,507
Cash and investments - ending	$ 188,101	$ 57,560	$ 2,039	$ 1,320	$ 54,187	$ -	$ 419,938

PULASKI COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

	Pul Co Emerg Telephone System	Drug Free Commission	Drainage Maintenance	Prosecutor Title IV-D #1	Extradition	Recorder's Records Perpetuation	User Fee
Cash and investments - beginning	$ 274,851	$ 14,719	$ 1,628,004	$ 43,571	$ 872	$ 84,135	$ 112,267
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	29,411	-	-	-	-	22,869	-
Fines and forfeits	-	4,775	-	-	-	-	23,172
Other receipts	-	-	417,445	11,418	-	-	-
Total receipts	29,411	4,775	417,445	11,418	-	22,869	23,172
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	10,701	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	22,296	-	-	-	-	-	-
Other disbursements	281,966	-	372,735	9,177	-	3,698	24,294
Total disbursements	304,262	10,701	372,735	9,177	-	3,698	24,294
Excess (deficiency) of receipts over disbursements	(274,851)	(5,926)	44,710	2,241	-	19,171	(1,122)
Cash and investments - ending	$ -	$ 8,793	$ 1,672,714	$ 45,812	$ 872	$ 103,306	$ 111,145

PULASKI COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

	Health Maintenance	Pretrial Diversion	Guardian Ad Litem/Court	Plat Book Fees	Misdemeanant	Supplemental Public Defender Svc	Clerk Incentive IV-D
Cash and investments - beginning	$ 50,787	$ 4,518	$ 11,031	$ 1,458	$ 66,087	$ 75,276	$ 45,111
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	32,672	-	-	-	-	-	-
Charges for services	-	-	-	4,158	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	22,294	3,482	-	10,550	11,853	7,586
Total receipts	32,672	22,294	3,482	4,158	10,550	11,853	7,586
Disbursements:							
Personal services	16,817	-	-	-	-	-	-
Supplies	2,900	1,234	-	-	-	-	-
Other services and charges	3,429	6,239	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	18,294	-	-	30,972	-	-
Other disbursements	-	-	3,482	-	-	5,197	7,800
Total disbursements	23,146	25,767	3,482	-	30,972	5,197	7,800
Excess (deficiency) of receipts over disbursements	9,526	(3,473)	-	4,158	(20,422)	6,656	(214)
Cash and investments - ending	$ 60,313	$ 1,045	$ 11,031	$ 5,616	$ 45,665	$ 81,932	$ 44,897

PULASKI COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

	Surveyor's Perpetuation	Jury Pay	Rainy Day	Co Sales Disclosures	CEDIT Capital Projects	Sheriff's Seized Assets	County Levy Excess
Cash and investments - beginning	$ 6,635	$ 2,925	$ 853,948	$ 18,037	$ 2,041,275	$ 311	$ 68
Receipts:							
Taxes	-	-	-	-	542,295	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	3,575	-	-	1,767	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	5,215	-	-
Total receipts	3,575	-	-	1,767	547,510	-	-
Disbursements:							
Personal services	-	-	-	-	74,941	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	63,775	-	-
Debt service - principal and interest	-	-	-	-	261,500	-	-
Capital outlay	-	-	-	-	172,566	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	572,782	-	-
Excess (deficiency) of receipts over disbursements	3,575	-	-	1,767	(25,272)	-	-
Cash and investments - ending	$ 10,210	$ 2,925	$ 853,948	$ 19,804	$ 2,016,003	$ 311	$ 68

PULASKI COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

	Wireless 911	Auditors Ineligible Deductions	Co Elected Officials Training	Cumulative Capital Development	Cumulative Bridge	Cumulative Jail	General Drain Improvement
Cash and investments - beginning	$ 2,706	$ -	$ 480	$ 1,520,347	$ 2,033,346	$ 189,858	$ 1,300,153
Receipts:							
Taxes	-	-	-	137,080	178,352	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	11,452	15,793	-	-
Charges for services	276	-	1,364	-	35,449	-	-
Fines and forfeits	-	2,698	-	-	-	-	-
Other receipts	-	-	-	3,370	7,519	1,195	86,934
Total receipts	276	2,698	1,364	151,902	237,113	1,195	86,934
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	6,300	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	26,449	223,738	-	-
Other disbursements	2,982	-	-	-	-	-	25,758
Total disbursements	2,982	-	-	26,449	230,038	-	25,758
Excess (deficiency) of receipts over disbursements	(2,706)	2,698	1,364	125,453	7,075	1,195	61,176
Cash and investments - ending	$ -	$ 2,698	$ 1,844	$ 1,645,800	$ 2,040,421	$ 191,053	$ 1,361,329

PULASKI COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

	Sheriff Pension Trust	Congressional School Interest	Clerk's Trust	Tax Sale Redemption	Surplus Tax	County Sheriff	Infraction Judgments
Cash and investments - beginning	$ 60,294	$ 9,867	$ 143,321	$ 5,444	$ 13,608	$ 2,503	$ -
Receipts:							
Taxes	-	-	-	-	15,176	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	13,552	-	-	-	-	-	16,200
Other receipts	-	189	1,322,840	17,252	10	201,887	-
Total receipts	13,552	189	1,322,840	17,252	15,186	201,887	16,200
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	1,011	1,312,607	20,742	11,152	198,764	16,200
Total disbursements	-	1,011	1,312,607	20,742	11,152	198,764	16,200
Excess (deficiency) of receipts over disbursements	13,552	(822)	10,233	(3,490)	4,034	3,123	-
Cash and investments - ending	$ 73,846	$ 9,045	$ 153,554	$ 1,954	$ 17,642	$ 5,626	$ -

PULASKI COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

	Inheritance Tax	Sheriff's Inmate Trust	Special Death Benefit	Education Plate Fees Agency	Child Restraint Violations Fee	Tax Distribution	Star City Sewer Planning Grant
Cash and investments - beginning	$ 200,294	$ 14,713	$ -	$ -	$ -	$ 1,461,401	$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	1,177,026	-	-	-	-	-	381,086
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	1,190	-	76	-	-
Other receipts	-	193,729	-	600	-	16,481,904	-
Total receipts	1,177,026	193,729	1,190	600	76	16,481,904	381,086
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	381,086
Other disbursements	1,131,949	204,857	1,190	600	76	14,867,388	-
Total disbursements	1,131,949	204,857	1,190	600	76	14,867,388	381,086
Excess (deficiency) of receipts over disbursements	45,077	(11,128)	-	-	-	1,614,516	-
Cash and investments - ending	$ 245,371	$ 3,585	$ -	$ -	$ -	$ 3,075,917	$ -

PULASKI COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

	16.738 D3-11-5940 JAG-FA	16.738 09-DJ-096 Edward Byrne JAG	2017 Reassessment	Special Donation	Cumulative Building	Emergency Flood Exp	Airport Improvements
Cash and investments - beginning	$ 150,000	$ 79,252	$ 59,029	$ 411	$ 113,795	$ 1,041	$ -
Receipts:							
Taxes	-	-	51,589	-	105,389	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	4,310	-	8,804	-	-
Charges for services	-	-	-	-	-	-	6,300
Fines and forfeits	-	-	2,771	-	-	-	-
Other receipts	-	-	-	500	-	-	-
Total receipts	-	-	58,670	500	114,193	-	6,300
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	150,000	107,823	-	398	-	1,041	300
Total disbursements	150,000	107,823	-	398	-	1,041	300
Excess (deficiency) of receipts over disbursements	(150,000)	(107,823)	58,670	102	114,193	(1,041)	6,000
Cash and investments - ending	$ -	$ (28,571)	$ 117,699	$ 513	$ 227,988	$ -	$ 6,000

PULASKI COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

	97.055 2010 IECGP Grant	97.042 2011 EMPG-C Grant	97.001 2009 IECGP Grant	2012 Data Share Initiative	Probation Department	Donations	Property Reassessment
Cash and investments - beginning	$ -	$ -	$ -	$ -	$ 545	$ 70,279	$ 384,938
Receipts:							
Taxes	22,037	3,623	-	2,000	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	15
Other receipts	-	-	-	-	9,024	-	-
Total receipts	22,037	3,623	-	2,000	9,024	-	15
Disbursements:							
Personal services	-	-	-	-	-	-	70,671
Supplies	-	-	-	-	-	-	253
Other services and charges	-	-	-	-	-	-	44,682
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	12,783
Other disbursements	24,047	3,623	17,000	2,000	9,569	-	-
Total disbursements	24,047	3,623	17,000	2,000	9,569	-	128,389
Excess (deficiency) of receipts over disbursements	(2,010)	-	(17,000)	-	(545)	-	(128,374)
Cash and investments - ending	$ (2,010)	$ -	$ (17,000)	$ -	$ -	$ 70,279	$ 256,564

PULASKI COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

	Sheriff's Continuing Education	Recycling Purchase of Recyclables	FEMA Supplemental Funding Gr	Rural Dev Action Grant	Work Release	Riverboat Rev Sharing	Sheriff's Commissary
Cash and investments - beginning	$ 296	$ 514	$ 389	$ 5,740	$ 69,476	$ -	$ 415
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	79,392	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	1,053	-	-	-	43,556	-	91,993
Total receipts	1,053	-	-	-	43,556	79,392	91,993
Disbursements:							
Personal services	-	-	-	-	33,836	-	-
Supplies	-	-	-	-	3,381	-	-
Other services and charges	-	-	-	-	8,300	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	22,981	-	-
Other disbursements	-	514	-	-	-	79,392	81,501
Total disbursements	-	514	-	-	68,498	79,392	81,501
Excess (deficiency) of receipts over disbursements	1,053	(514)	-	-	(24,942)	-	10,492
Cash and investments - ending	$ 1,349	$ -	$ 389	$ 5,740	$ 44,534	$ -	$ 10,907

PULASKI COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

	Welfare Excise Allocation	D.A.R.E. Donation	Bioterrorism Grant-Health	Coroners Education	Operation Pullover	County Portion Child Psych Rts	06 Homeland Security CFDA #97.073
Cash and investments - beginning	$ -	$ 434	$ 5,614	$ 90	$ 1,145	$ 33,348	$ 21,686
Receipts:							
Taxes	261,652	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	1,071	2,270	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	261,652	-	-	1,071	2,270	-	-
Disbursements:							
Personal services	-	-	-	-	3,415	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	261,652	434	-	1,089	-	-	-
Total disbursements	261,652	434	-	1,089	3,415	-	-
Excess (deficiency) of receipts over disbursements	-	(434)	-	(18)	(1,145)	-	-
Cash and investments - ending	$ -	$ -	$ 5,614	$ 72	$ -	$ 33,348	$ 21,686

PULASKI COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

	Sales Disclosure	Appointed Special Advocate Ser	Grant Health Bio 05/06	Co General Incentive IV-D	Co Rec ID Sec Protect	Health-2001 Tobacco Settmt	Justice Center CAGIT
Cash and investments - beginning	$ 200	$ 850	$ 6,149	$ 29,724	$ 13,415	$ 27,294	$ 1,890,463
Receipts:							
Taxes	-	-	-	-	-	-	814,894
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	14,299	-
Charges for services	1,768	-	-	-	1,364	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	50	5,064	7,587	-	-	6,023
Total receipts	1,768	50	5,064	7,587	1,364	14,299	820,917
Disbursements:							
Personal services	-	-	-	-	-	15,136	91,179
Supplies	-	-	-	-	-	-	208,789
Other services and charges	-	-	-	-	750	-	284,949
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	31,447
Other disbursements	1,783	-	7,244	3,150	-	2,744	-
Total disbursements	1,783	-	7,244	3,150	750	17,880	616,364
Excess (deficiency) of receipts over disbursements	(15)	50	(2,180)	4,437	614	(3,581)	204,553
Cash and investments - ending	$ 185	$ 900	$ 3,969	$ 34,161	$ 14,029	$ 23,713	$ 2,095,016

PULASKI COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

	L.E.P.C. Emergency Planning	Probation Alco Sens/Drug Screen	Probation Detention Assessmt	Prosecutor Coord Council Fees	Recorders Mortgage Fee	Section 102 Voting System	Sheriff Canine Donation
Cash and investments - beginning	$ 20,166	$ 960	$ 142	$ 1,792	$ 128	$ 198	$ 116
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	3,999	-	-	-	-	-	-
Charges for services	-	-	-	-	1,198	-	-
Fines and forfeits	-	5,923	-	-	-	-	-
Other receipts	4,673	-	-	-	-	-	-
Total receipts	8,672	5,923	-	-	1,198	-	-
Disbursements:							
Personal services	2,690	-	-	-	-	-	-
Supplies	679	-	-	-	-	-	-
Other services and charges	8,293	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	3,976	-	-	-	-	-	-
Other disbursements	-	5,572	-	-	1,223	-	-
Total disbursements	15,638	5,572	-	-	1,223	-	-
Excess (deficiency) of receipts over disbursements	(6,966)	351	-	-	(25)	-	-
Cash and investments - ending	$ 13,200	$ 1,311	$ 142	$ 1,792	$ 103	$ 198	$ 116

PULASKI COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

	Sheriff's Alco Sensors	Sheriff's Controlled Subst Tax	Superior Court Drug/Alcohol	Supp Adult Probation Serv	Supp Juvenile Probation Serv	Title III Voting System	City & Town Court Costs
Cash and investments - beginning	$ 656	$ 714	$ 9,175	$ 155,695	$ 25,620	$ 50,528	$ 1,686
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	50,179	2,624	-	3,948
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	50,179	2,624	-	3,948
Disbursements:							
Personal services	-	-	-	26,393	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	1,962	-	731	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	1,185	-	-	-
Other disbursements	-	-	-	45	-	-	1,685
Total disbursements	-	-	-	29,585	-	731	1,685
Excess (deficiency) of receipts over disbursements	-	-	-	20,594	2,624	(731)	2,263
Cash and investments - ending	$ 656	$ 714	$ 9,175	$ 176,289	$ 28,244	$ 49,797	$ 3,949

PULASKI COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

	Congressional School Prin	Victim Assistance 06/07	Victim Assistance 07/08	Fines & Forfeitures	Delinquent Sewer Assessmt	State Homestead Credit	Interstate Comp Appl
Cash and investments - beginning	$ 25,293	$ -	$ (4,362)	$ 497	$ -	$ 220	$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	6,880	-	-	225
Other receipts	-	-	22,177	-	21,846	-	-
Total receipts	-	-	22,177	6,880	21,846	-	225
Disbursements:							
Personal services	-	3,732	17,018	-	-	-	-
Supplies	-	-	494	-	-	-	-
Other services and charges	-	-	300	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	6,899	21,846	-	150
Total disbursements	-	3,732	17,812	6,899	21,846	-	150
Excess (deficiency) of receipts over disbursements	-	(3,732)	4,365	(19)	-	-	75
Cash and investments - ending	$ 25,293	$ (3,732)	$ 3	$ 478	$ -	$ 220	$ 75

PULASKI COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

	H1N1 Grant-Co Health Dept	ARRA Clerk Incentive	DEA Marijuana Erad	Automation Exter. Defibulator	8 Aviation	JAIBG Program Gr#06-Jb-020	Maintenance Department
Cash and investments - beginning	$ 1,788	$ 117	$ 1,250	$ 26	$ 160	$ 10,000	$ 1,000
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	262	-	180
Total receipts	-	-	-	-	262	-	180
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	180
Total disbursements	-	-	-	-	-	-	180
Excess (deficiency) of receipts over disbursements	-	-	-	-	262	-	-
Cash and investments - ending	$ 1,788	$ 117	$ 1,250	$ 26	$ 422	$ 10,000	$ 1,000

PULASKI COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

	Health Department	Jail Lease Rental	Industrial Park Improvements	Comm Develop Comm Blk Grt	Recorder Dept	Treasurer	Payroll
Cash and investments - beginning	$ 20	$ 19,197	$ 43,644	$ 107,978	$ 5,309	$ 188,528	$ 32,156
Receipts:							
Taxes	-	259,420	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	21,672	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	59,592	-	-	69,115	67,325	12,954,654	1,846,679
Total receipts	59,592	281,092	-	69,115	67,325	12,954,654	1,846,679
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	261,500	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	59,592	-	-	132,000	64,931	12,900,798	1,878,730
Total disbursements	59,592	261,500	-	132,000	64,931	12,900,798	1,878,730
Excess (deficiency) of receipts over disbursements	-	19,592	-	(62,885)	2,394	53,856	(32,051)
Cash and investments - ending	$ 20	$ 38,789	$ 43,644	$ 45,093	$ 7,703	$ 242,384	$ 105

PULASKI COUNTY
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For The Year Ended December 31, 2012
(Continued)

	Tax Sale Costs	Tax Sale Surplus	State Sex And Viol Offn Adm	Co. Sex And Violent Offn. Adm.	Aviation Improv Donation	Transfer Station	Totals
Cash and investments - beginning	$ 31,879	$ 105,778	$ 43	$ 3,190	$ 19,545	$ 100	$ 21,749,922
Receipts:							
Taxes	-	-	-	-	-	-	8,111,849
Licenses and permits	-	-	-	-	-	-	38,340
Intergovernmental	-	-	-	-	-	-	4,205,707
Charges for services	-	-	-	-	-	-	1,111,521
Fines and forfeits	-	-	128	1,152	-	-	204,212
Other receipts	19,871	75,119	-	-	500	-	35,591,870
Total receipts	19,871	75,119	128	1,152	500	-	49,263,499
Disbursements:							
Personal services	-	-	-	-	-	-	7,026,437
Supplies	-	-	-	-	-	-	1,456,372
Other services and charges	-	-	-	-	-	-	2,502,126
Debt service - principal and interest	-	-	-	-	-	-	261,500
Capital outlay	-	-	-	-	-	-	1,150,908
Other disbursements	12,056	80,238	149	-	-	-	34,873,344
Total disbursements	12,056	80,238	149	-	-	-	47,270,687
Excess (deficiency) of receipts over disbursements	7,815	(5,119)	(21)	1,152	500	-	1,992,812
Cash and investments - ending	$ 39,694	$ 100,659	$ 22	$ 4,342	$ 20,045	$ 100	$ 23,742,734

PULASKI COUNTY
SCHEDULE OF LEASES AND DEBT
December 31, 2012

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	Pul Co Jail Building	$ 3,705,000	$ 518,000
Totals		$ 3,705,000	$ 518,000

PULASKI COUNTY
SCHEDULE OF CAPITAL ASSETS
December 31, 2012

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	Ending Balance
Governmental activities:	
Land	$ 3,643,009
Infrastructure	38,407,006
Buildings	9,864,869
Improvements other than buildings	2,479,489
Machinery, equipment, and vehicles	5,879,810
Construction in progress	406,525
Total governmental activities	60,680,708
Total capital assets	$ 60,680,708

PULASKI COUNTY
OTHER REPORTS

The annual report presented herein was prepared in addition to the other official reports prepared for the individual County offices listed below:

County Auditor
Transfer Station

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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 PULASKI COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited Pulaski 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, 2012. The County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Report on Internal Control Over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2012-2 and 2012-3 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.

Bruce Hartman
State Examiner

June 20, 2013

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

PULASKI COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2012

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
Department of Housing and Urban Development				
CDBG - State-Administered CDBG Cluster				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Indiana Office of Rural and Community Affairs			
Star City Sewer Project		14.228	DR2-09-181	$ 381,086
Department of Justice				
JAG Program Cluster				
Edward Byrne Memorial Justice Assistance Grant Program	Indiana Criminal Justice Institute	16.738	D3-11-5940	150,000
			09-DJ-096	107,823
Total - JAG Program Cluster				257,823
Crime Victim Assistance	Indiana Criminal Justice Institute	16.575	11VAPR163	17,812
			12VAGX017	3,732
Total - Crime Victim Assistance				21,544
Total - Department of Justice				279,367
Department of Transportation				
Highway Planning and Construction Cluster	Indiana Department of Transportation			
Highway Planning and Construction		20.205	Bridge Inspection	35,449
Total - Highway Planning and Construction Cluster				35,449
Interagency Hazardous Materials Public Sector Training and Planning Grants	Indiana Department of Transportation	20.703	D3-11-5940	4,633
Total - Department of Transportation				40,082
Department of Health and Human Services				
Public Health Emergency Preparedness	Indiana Department of Health	93.069	A70-3-0531974	7,244
Child Support Enforcement	Indiana Department of Child Services	93.563		101,756
Total - Department of Health and Human Services				109,000
Department of Homeland Security				
Emergency Management Performance Grants	Indiana Department of Homeland Security	97.042	C44P-2-120A	3,623
Interoperable Emergency Communications	Indiana Department of Homeland Security	97.055	C44P-2-221A	24,047
			C44P-2-002B	17,000
Total - Interoperable Emergency Communications				41,047
Total - Department of Homeland Security				44,670
Total federal awards expended				$ 889,654

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

PULASKI COUNTY
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Pulaski County (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.

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unqualified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

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:	Unqualified
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:

Name of Federal Program or Cluster
CDBG – State-Administered CDBG Cluster
JAG Program 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 2012-1 - INTERNAL CONTROL OVER THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We noted deficiencies in the internal control system of the County related to the preparation of the Schedule of Expenditures of Federal Awards. We believe the following deficiencies constitute material weaknesses:

1. Preparing the Schedule of Expenditures of Federal Awards (SEFA): Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the County's SEFA and then determining how those identified risks should be managed. The County has not identified risks to the preparation of a reliable SEFA and as a result, has failed to design effective controls over the preparation of the SEFA to prevent or detect material misstatements.

2. Monitoring of Controls: Effective internal control over the preparation if the SEFA requires the Board of Commissioners to monitor and assess the quality of the County's system of internal control. The Board of Commissioners has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility placed the County at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent or detect material misstatements in a timely manner. Additionally, the County has no process to identify or communicate corrective actions to improve controls.

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

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Section III – Federal Award Findings and Questioned Costs

FINDING 2012-2 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO COMMUNITY DEVELOPMENT BLOCK GRANT/STATE'S PROGRAM AND NON-ENTITLEMENT GRANTS IN HAWAII

Federal Agency: U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Federal Program: Community Development Block Grant/State's
Program and Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Federal Award Number: DR2-09-181
Pass-Through Entity: Indiana Office of Community and Rural Affairs

Management of Pulaski County has not established an effective internal control system, which includes segregation of duties, related to the grant agreement and all of the compliance requirements that have a direct and material effect to the program. This includes the following compliance requirements; Allowable Activities, Allowable Costs, Cash Management, Davis-Bacon, Period of Availability, Reporting and Sub-Recipient Monitoring. The failure to establish an effective internal control system places the County at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A -133, Subpart C, section .300 (b) states:

"The auditee shall: . . .

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

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the County.

We recommended that the County's management establish controls, including segregation of duties, related to the grant agreement and all compliance requirements that have a direct and material effect to the program.

FINDING 2012-3 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM

Federal Agency: U.S. DEPARTMENT OF JUSTICE
Federal Program: Edward Byrne Memorial Justice Assistance Grant Program
CFDA Number: 16.738
Federal Award Number: D3-11-5940 and 09-DJ-096
Pass-Through Entity: Indiana Criminal Justice Institute

Management of Pulaski County has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and all of the compliance requirements that have a direct and material effect to the program. This includes the following compliance requirements; Allowable Activities, Allowable Costs, Cash Management, Period of Availability and Reporting. The failure to establish an effective internal control system places the County at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A -133, Subpart C, section .300 (b) states:

"The auditee shall: . . .

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

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the County.

We recommended that the County's management establish controls, including segregation of duties, related to the grant agreement and all compliance requirements that have a direct and material effect to the program.

AUDITOR PULASKI COUNTY

SHELIA K. GARLING

Courthouse Room 200
112 East Main Street
Winamac, Indiana 46996

Phone: (574)946-3653
Fax : (574)946-3928

CORRECTIVE ACTION PLAN

Section II – Financial Statement Findings

FINDING 2012-1 - INTERNAL CONTROL OVER THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The County will establish internal controls to ensure that the Schedule of Expenditures of Federal Awards is accurately complied.

Section III – Federal Award Findings and Questioned Costs

FINDING 2012-2 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO COMMUNITY DEVELOPMENT BLOCK GRANT

Federal Agency:	U.S DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Federal Program:	CDBG – State-Administered CDBG Cluster
CFDA Number:	14.228
Federal Award Number:	DR2-09-181
Pass-Through Entity:	Indiana Office of Community and Rural Affairs

The County will establish controls, including segregation of duties, related to the grant agreement and all compliance requirements that have a direct and material effect to the program.

FINDING 2012-3 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO JAG PROGRAM CLUSTER

Federal Agency:	U.S. DEPARTMENT OF JUSTICE
Federal Program:	JAG Program Cluster
CFDA Number:	16.738
Federal Award Number:	D3-11-5940 and 09-DJ-096
Pass-Through Entity:	Indiana Criminal Justice Institute

The County will establish controls, including segregation of duties, related to the grant agreement and all compliance requirements that have a direct and material effect to the program.

Shelia

Shelia K. Garling
Auditor, Pulaski County
June 20, 2013

PULASKI COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 20, 2013, with Jerry Sullivan, President of the County Council, and Sheila Garling, Auditor.