B42395

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

FINANCIAL STATEMENT AND

FEDERAL SINGLE AUDIT REPORT

OF

UNION COUNTY, INDIANA

January 1, 2012 to December 31, 2012

FILED
07/18/2013

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SCHEDULE OF OFFICIALS

Office	Official	Term
Auditor	Gene Sanford	01-01-11 to 12-31-14
Treasurer	Bonnie Adams	01-01-09 to 12-31-16
Clerk	Susan Ray	01-01-11 to 12-31-14
Sheriff	Gary Cantrell	01-01-11 to 12-31-14
Recorder	Linda Rosenberger	01-01-11 to 12-31-14
President of the Board of County Commissioners	Paul Wiwi	01-01-12 to 12-31-13
President of the County Council	Alan Alcorn	01-01-12 to 12-31-13

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF UNION COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of Union 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 27, 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 27, 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 UNION 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 Union 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 27, 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 items 2012-1 and 2012-2 to be material weaknesses.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2012-2.

Union 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 27, 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.

UNION 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	$ 774,514	$ 2,402,576	$ 2,405,635	$ 771,455
ACCIDENT REPORT	92	144	-	236
COURTHOUSE SPECIAL CAGIT	688,402	288,224	242,645	733,981
CAGIT COUNTY CERTIFIED SHARES	-	43,101	-	43,101
COUNTY EDIT	122,320	216,986	195,016	144,290
CITY & TOWNS COURT COSTS	1,635	4,549	1,635	4,549
CLERKS PERPETUATION	28,267	3,716	-	31,983
COMMUNITY CORRECTION GRANT	16,421	116,313	114,044	18,690
COMM TRANS PROGRAM	1,530	-	-	1,530
CONGRESSIONAL SCHOOL INTEREST	20,171	513	1,627	19,057
CONGRESSION SCHOOL PRINCIPAL	27,117	27,116	27,116	27,117
SALES DISC COUNTY SHARE	-	2,530	-	2,530
CUMULATIVE BRIDGE	520,886	142,637	11,142	652,381
4-H BUILDING MAINTENANCE	-	10,946	10,946	-
CUMULATIVE CAPITAL DEVELOPMENT	194,987	60,377	111,873	143,491
CDFCF COMMUNITY DRUG FREE	33,872	16,028	6,969	42,931
EMERGENCY PLAN & RIGHT TO KNOW	22,785	2,979	4,084	21,680
CO RECORDERS EN ACCESS FUND	242	296	-	538
FIREARMS TRAINING	8,387	3,260	982	10,665
DRAIN IMPROVEMENT	10,700	-	-	10,700
HEALTH	78,954	171,519	153,081	97,392
REC IDENTITY SECURITY PROTECTION	13,610	947	495	14,062
EXCESS LEVY FUND	-	5,409	-	5,409
LOCAL HEALTH MAINTENANCE I	14,200	46,560	45,476	15,284
LOCAL ROAD & STREET	60,247	65,649	53,983	71,913
MISDEMEANOR CO. CORRECTION	11,453	5,167	2,772	13,848
HIGHWAY	251,432	767,406	694,373	324,465
PLAT BOOK	20,370	2,301	7,622	15,049
COUNTY RAINY DAY FUND	551,870	273,966	-	825,836
CUM REASSESSMENT 2006	82,338	-	30,021	52,317
CUM REASSESSMENT 2015	61,957	63,352	-	125,309
COUNTY RIVERBOAT WAGERING	32,076	27,884	29,024	30,936
SHERIFF PENSION HOLDING	3,093	3,298	6,000	391
SUPPLEMENT PUBLIC DEFENDER	19,528	46,972	34,551	31,949
SURPLUS TAX	12,369	13,156	13,988	11,537
SURVEYOR CORNER PERPETUATION	4,793	2,100	2,828	4,065
TAX SALE REDEMPTION	-	22,434	15,786	6,648
TAX SALE SURPLUS	4,752	82,462	28,361	58,853
LOCAL HEALTH MAINTENANCE III	10,740	13,040	8,914	14,866
MOTOR VEHICLE INSPECTION REG.	12	-	12	-
GUARD- AT- LITEM CASA	11,520	8,705	8,705	11,520
ELECTION	45,302	42,124	31,807	55,619
AUDITORS INELIGIBLE DEDUCTIONS	-	4,064	280	3,784
CEOT	362	941	-	1,303
PARKS & RECREATION	26,525	14,500	2,640	38,385
COUNTY OFFENDER TRANS	350	463	-	813
STATE 911 FUND	27,953	108,485	82,290	54,148
911 WIRELESS FEES	18,835	21,692	40,527	-
PROBATION ADMINISTRATIVE FEES	6,815	6,699	13,292	222
USER FUND	45,957	49,856	48,949	46,864
DRAIN MAINTENANCE	131,790	67,655	72,373	127,072
HEALTH INSURANCE	6,704	438,961	440,894	4,771
IN SHERIFF 457 (B) PLAN	-	5,970	5,970	-
FEDERAL WITHHOLDING TAXES	-	165,255	165,255	-
SOCIAL SECURITY/ MEDICARE	-	237,746	237,746	-
CAGIT	2,026	26,640	26,624	2,042
PERF	-	142,204	142,204	-
SHERIFF PENSION	-	11,986	11,986	-
STATE WITHHOLDING TAXES	4,730	62,329	62,218	4,841
GARNISHMENT	-	9,904	9,904	-
SETTLEMENT FUND	-	5,267,325	5,267,325	-
LOHUT	39,441	208,672	173,151	74,962
EXCISE WHEEL TAX	-	65,155	64,875	280

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

UNION 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
SURTAX	-	172,502	172,502	-
COMMERICIAL VEHICLE EXCISE TAX	-	28,605	28,605	-
SEWER COLLECTIONS	-	32,185	32,185	-
FINANCIAL INSTITUTION TAX	-	72,206	72,206	-
HEA 1001 HOMESTEAD CREDIT FUND	(626)	-	-	(626)
STATE FINES & FORTFEITURES	4,859	29,864	30,615	4,108
OVERWEIGHT VEHICLE FINES	-	29	29	-
SPECIAL DEATH BENEFITS	107	1,138	1,190	55
STATE SALES DISCLOSURES	195	1,280	1,230	245
CORONERS CONT EDUCATION	89	329	399	19
STATE MORTGAGE FEE FUND	111	775	818	68
DLGF HS PROPERTY DATA BASE INT	-	4	4	-
CHILDS SEAT BELT FINES	-	100	100	-
FOREST RESTORATION	-	375	-	375
INHERITANCE TAX	892	301,893	90,535	212,250
EDUCATIONAL PLATE DISTRIBUTION	19	113	132	-
AGENCY RIVERBOAT WAGERING TAX	-	44,524	44,524	-
LOCAL OPTION (CERT SHARES) TAX	-	1,152,894	1,152,894	-
AGENGY ECONOMIC DEVELOPMENT	-	289,723	289,723	-
ARRA PROS IV-D INCENTIVE	2,068	-	157	1,911
COUNTY IV-D INCENTIVE	9,040	5,813	-	14,853
PROS IV-D INCEN POST '99	49,679	8,750	-	58,429
CLERK IV D INCENTIVE POST '99	35,067	5,813	7,350	33,530
CLERK- SUPPORT	2,188	216,649	216,815	2,022
CLERK- TRUST	158,563	573,676	613,496	118,743
TREASURER- AFTER SETTLEMENT COLLECTIONS	145,291	7,628,908	7,656,341	117,858
TREASURER- CHANGE FUND	300	-	-	300
SHERIFF- CASH BOOK	1,200	284,943	286,143	-
SHERIFF- COMMISSARY	274	49,555	41,851	7,978
SHERIFF- INMATE TRUST	(1,194)	59,211	57,234	783
RECORDER'S PERPETUATION	32,862	10,788	17,182	26,468
JUVENILE PROBATION USER	3,390	3,097	476	6,011
ADULT PROBATION USER	1,750	28,879	2,580	28,049
JUVENILE INTAKE CENTER SERVICE	510	226	373	363
ADLT OFFENDER INTERSTATE COMPA	63	688	688	63
INFRACTION JUDGEMENT	1,370	31,444	30,951	1,863
SHERIFF EQUIPMENT DONATIONS	200	-	200	-
PURDUE ASSESSMENT	255	-	255	-
BIO-TERRORISM CDC GRANT	(2,761)	10,994	12,831	(4,598)
PHC GRANT	8,690	-	-	8,690
ACS MAMMOGRAM	-	4,050	2,250	1,800
MRC GRANT	-	4,472	4,472	-
NACCHO	4,075	5,000	3,704	5,371
TOWNSHIP POOR RELIEF	-	6,875	6,875	-
STATE EXCISE TAX ALLOCATION	-	231,490	231,490	-
STATE SHARE DELINQ TAX & PEN	-	16	16	-
PROJECT INCOME (CORRECTION)	76,634	32,072	26,777	81,929
CEMETARY TRUST CLEARANCE	2,537	2,549	2,580	2,506
SHERIFF K-9 DONATIONS	1,121	-	70	1,051
RESERVE DEPUTY DONATION FUND	891	200	342	749
GED DONATIONS	15	-	15	-
SHERIFF DONATION FUND	617	385	-	1,002
SHERIFF SPECIAL GRANT/PROGRAMS	300	-	300	-
COMMUNITY CARE ESCROW	3,018	-	3,018	-
OPERATION PULL OVER	253	-	253	-
UC SHERIFF SUPPORT DONATIONS	223	-	-	223
UC CEMETERY BOARD DONATION FUN	500	-	500	-
COURT HOUSE CLOCK GRANT	1,010	-	-	1,010
MASS TRANSPORTATION	-	244,808	244,808	-
Totals	$ 4,620,077	$ 23,503,134	$ 22,560,100	$ 5,563,111

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

Indiana Public Retirement System
1 North 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 financial statements.

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of clerical error for the HEA 1001 Homestead Credit Fund, and reimbursement for expenditures made by the County that were not received by December 31, 2012, for the Bio-terrorism CDC Grant Fund.

Note 9. Restatements

For the year ended December 31, 2012, certain changes have been made to some of the beginning balances of the financial statements to more appropriately reflect financial activity of the County. The following schedule presents a summary of restated beginning balances.

Fund	Balance as of December 31, 2009	Prior Period Adjustment	Balance as of January 1, 2010
Sheriff-Inmate Trust	$ (1,094)	$ (100)	$ (1,194)

Note 10. Holding Corporations

The County has entered into a capital lease with the Union 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 2012 totaled $189,000.

Note 11. Combined Funds

Funds related to Emergency Telephone were reported individually in the prior financial statement but were combined into one fund for the current financial statement.

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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.

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

	COUNTY GENERAL	ACCIDENT REPORT	COURTHOUSE SPECIAL CAGIT	CAGIT COUNTY CERTIFIED SHARES	COUNTY EDIT	CITY & TOWNS COURT COSTS	CLERKS PERPETUATION	COMMUNITY CORRECTION GRANT
Cash and investments - beginning	$ 774,514	$ 92	$ 688,402	$ -	$ 122,320	$ 1,635	$ 28,267	$ 16,421
Receipts:								
Taxes	1,841,906	-	288,224	43,101	216,986	-	-	-
Licenses and permits	9,082	-	-	-	-	-	-	-
Intergovernmental	118,559	-	-	-	-	-	-	-
Charges for services	271,691	144	-	-	-	-	-	-
Fines and forfeits	55,151	-	-	-	-	4,549	3,716	-
Other receipts	106,187	-	-	-	-	-	-	116,313
Total receipts	2,402,576	144	288,224	43,101	216,986	4,549	3,716	116,313
Disbursements:								
Personal services	1,690,005	-	-	-	-	-	-	90,671
Supplies	61,616	-	-	-	-	-	-	2,590
Other services and charges	609,270	-	-	-	195,016	-	-	17,779
Debt service - principal and interest	-	-	189,000	-	-	-	-	-
Capital outlay	25,947	-	-	-	-	-	-	-
Other disbursements	18,797	-	53,645	-	-	1,635	-	3,004
Total disbursements	2,405,635	-	242,645	-	195,016	1,635	-	114,044
Excess (deficiency) of receipts over disbursements	(3,059)	144	45,579	43,101	21,970	2,914	3,716	2,269
Cash and investments - ending	$ 771,455	$ 236	$ 733,981	$ 43,101	$ 144,290	$ 4,549	$ 31,983	$ 18,690

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

	COMM TRANS PROGRAM	CONGRESSIONAL SCHOOL INTEREST	CONGRESSION SCHOOL PRINCIPAL	SALES DISC COUNTY SHARE	CUMULATIVE BRIDGE	4-H BUILDING MAINTENANCE	CUMULATIVE CAPITAL DEVELOPMENT	CDFCF COMMUNITY DRUG FREE
Cash and investments - beginning	$ 1,530	$ 20,171	$ 27,117	$ -	$ 520,886	$ -	$ 194,987	$ 33,872
Receipts:								
Taxes	-	-	-	-	107,003	10,147	54,116	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	8,425	799	4,261	-
Charges for services	-	-	-	2,530	27,209	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	16,028
Other receipts	-	513	27,116	-	-	-	2,000	-
Total receipts	-	513	27,116	2,530	142,637	10,946	60,377	16,028
Disbursements:								
Personal services	-	-	-	-	-	-	-	1,897
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	11,142	-	111,873	4,072
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	1,000
Other disbursements	-	1,627	27,116	-	-	10,946	-	-
Total disbursements	-	1,627	27,116	-	11,142	10,946	111,873	6,969
Excess (deficiency) of receipts over disbursements	-	(1,114)	-	2,530	131,495	-	(51,496)	9,059
Cash and investments - ending	$ 1,530	$ 19,057	$ 27,117	$ 2,530	$ 652,381	$ -	$ 143,491	$ 42,931

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

	EMERGENCY PLAN & RIGHT TO KNOW	CO RECORDERS EN ACCESS FUND	FIREARMS TRAINING	DRAIN IMPROVEMENT	HEALTH	REC IDENTITY SECURITY PROTECTION	EXCESS LEVY FUND	LOCAL HEALTH MAINTENANCE I
Cash and investments - beginning	$ 22,785	$ 242	$ 8,387	$ 10,700	$ 78,954	$ 13,610	$ -	$ 14,200
Receipts:								
Taxes	-	-	-	-	146,360	-	5,409	-
Licenses and permits	-	-	3,060	-	-	-	-	-
Intergovernmental	-	-	-	-	11,523	-	-	32,672
Charges for services	-	296	-	-	13,636	947	-	13,888
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	2,979	-	200	-	-	-	-	-
Total receipts	2,979	296	3,260	-	171,519	947	5,409	46,560
Disbursements:								
Personal services	-	-	-	-	131,957	-	-	36,123
Supplies	51	-	-	-	6,215	-	-	9,353
Other services and charges	2,146	-	-	-	14,909	495	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	1,887	-	-	-	-	-	-	-
Other disbursements	-	-	982	-	-	-	-	-
Total disbursements	4,084	-	982	-	153,081	495	-	45,476
Excess (deficiency) of receipts over disbursements	(1,105)	296	2,278	-	18,438	452	5,409	1,084
Cash and investments - ending	$ 21,680	$ 538	$ 10,665	$ 10,700	$ 97,392	$ 14,062	$ 5,409	$ 15,284

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

	LOCAL ROAD & STREET	MISDEMEANOR CO. CORRECTION	HIGHWAY	PLAT BOOK	COUNTY RAINY DAY FUND	CUM REASSESSMENT 2006	CUM REASSESSMENT 2015	COUNTY RIVERBOAT WAGERING
Cash and investments - beginning	$ 60,247	$ 11,453	$ 251,432	$ 20,370	$ 551,870	$ 82,338	$ 61,957	$ 32,076
Receipts:								
Taxes	-	-	-	-	271,643	-	58,729	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	65,649	-	723,837	-	-	-	4,623	27,884
Charges for services	-	5,167	19,709	2,301	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	-	-	23,860	-	2,323	-	-	-
Total receipts	65,649	5,167	767,406	2,301	273,966	-	63,352	27,884
Disbursements:								
Personal services	-	-	417,380	7,441	-	2,627	-	-
Supplies	53,983	2,772	172,629	-	-	2,978	-	-
Other services and charges	-	-	104,212	181	-	24,030	-	29,024
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	30	-	-	-	-	-
Other disbursements	-	-	122	-	-	386	-	-
Total disbursements	53,983	2,772	694,373	7,622	-	30,021	-	29,024
Excess (deficiency) of receipts over disbursements	11,666	2,395	73,033	(5,321)	273,966	(30,021)	63,352	(1,140)
Cash and investments - ending	$ 71,913	$ 13,848	$ 324,465	$ 15,049	$ 825,836	$ 52,317	$ 125,309	$ 30,936

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

	SHERIFF PENSION HOLDING	SUPPLEMENT PUBLIC DEFENDER	SURPLUS TAX	SURVEYOR CORNER PERPETUATION	TAX SALE REDEMPTION	TAX SALE SURPLUS	LOCAL HEALTH MAINTENANCE III
Cash and investments - beginning	$ 3,093	$ 19,528	$ 12,369	$ 4,793	$ -	$ 4,752	$ 10,740
Receipts:							
Taxes	-	-	13,156	-	-	82,462	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	26,999	-	-	-	-	13,040
Fines and forfeits	3,298	19,973	-	-	-	-	-
Other receipts	-	-	-	2,100	22,434	-	-
Total receipts	3,298	46,972	13,156	2,100	22,434	82,462	13,040
Disbursements:							
Personal services	-	-	-	2,256	-	-	8,914
Supplies	-	-	-	-	-	-	-
Other services and charges	-	34,551	-	572	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	6,000	-	13,988	-	15,786	28,361	-
Total disbursements	6,000	34,551	13,988	2,828	15,786	28,361	8,914
Excess (deficiency) of receipts over disbursements	(2,702)	12,421	(832)	(728)	6,648	54,101	4,126
Cash and investments - ending	$ 391	$ 31,949	$ 11,537	$ 4,065	$ 6,648	$ 58,853	$ 14,866

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

	MOTOR VEHICLE INSPECTION REG.	GUARD-AT-LITEM CASA	ELECTION	AUDITORS INELIGIBLE DEDUCTIONS	CEOT	PARKS & RECREATION	COUNTY OFFENDER TRANS
Cash and investments - beginning	$ 12	$ 11,520	$ 45,302	$ -	$ 362	$ 26,525	$ 350
Receipts:							
Taxes	-	-	39,050	-	-	13,507	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	3,074	-	-	993	-
Charges for services	-	-	-	4,064	941	-	-
Fines and forfeits	-	-	-	-	-	-	463
Other receipts	-	8,705	-	-	-	-	-
Total receipts	-	8,705	42,124	4,064	941	14,500	463
Disbursements:							
Personal services	-	-	12,457	-	-	1,733	-
Supplies	-	-	1,892	280	-	621	-
Other services and charges	-	8,705	16,732	-	-	286	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	12	-	726	-	-	-	-
Total disbursements	12	8,705	31,807	280	-	2,640	-
Excess (deficiency) of receipts over disbursements	(12)	-	10,317	3,784	941	11,860	463
Cash and investments - ending	$ -	$ 11,520	$ 55,619	$ 3,784	$ 1,303	$ 38,385	$ 813

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

	STATE 911 FUND	911 WIRELESS FEES	PROBATION ADMINISTRATIVE FEES	USER FUND	DRAIN MAINTENANCE	HEALTH INSURANCE	IN SHERIFF 457(B) PLAN
Cash and investments - beginning	$ 27,953	$ 18,835	$ 6,815	$ 45,957	$ 131,790	$ 6,704	$ -
Receipts:							
Taxes	79,936	21,692	-	-	67,655	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	5,147	-	-	-	-	-	-
Fines and forfeits	-	-	6,699	49,856	-	-	-
Other receipts	23,402	-	-	-	-	438,961	5,970
Total receipts	108,485	21,692	6,699	49,856	67,655	438,961	5,970
Disbursements:							
Personal services	48,077	23,272	-	4,644	-	-	-
Supplies	-	-	-	384	-	-	-
Other services and charges	34,213	5,075	-	4,980	72,373	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	11,816	-	-	-
Other disbursements	-	12,180	13,292	27,125	-	440,894	5,970
Total disbursements	82,290	40,527	13,292	48,949	72,373	440,894	5,970
Excess (deficiency) of receipts over disbursements	26,195	(18,835)	(6,593)	907	(4,718)	(1,933)	-
Cash and investments - ending	$ 54,148	$ -	$ 222	$ 46,864	$ 127,072	$ 4,771	$ -

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

	FEDERAL WITHHOLDING TAXES	SOCIAL SECURITY/ MEDICARE	CAGIT	PERF	SHERIFF PENSION	STATE WITHHOLDING TAXES	GARNISHMENT
Cash and investments - beginning	$ -	$ -	$ 2,026	$ -	$ -	$ 4,730	$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	165,255	237,746	26,640	142,204	11,986	62,329	9,904
Total receipts	165,255	237,746	26,640	142,204	11,986	62,329	9,904
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	165,255	237,746	26,624	142,204	11,986	62,218	9,904
Total disbursements	165,255	237,746	26,624	142,204	11,986	62,218	9,904
Excess (deficiency) of receipts over disbursements	-	-	16	-	-	111	-
Cash and investments - ending	$ -	$ -	$ 2,042	$ -	$ -	$ 4,841	$ -

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

	SETTLEMENT FUND	LOHUT	EXCISE WHEEL TAX	SURTAX	COMMERICIAL VEHICLE EXCISE TAX	SEWER COLLECTIONS	FINANCIAL INSTITUTION TAX
Cash and investments - beginning	$ -	$ 39,441	$ -	$ -	$ -	$ -	$ -
Receipts:							
Taxes	4,928,832	-	65,155	172,502	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	338,493	-	-	-	28,605	-	72,206
Charges for services	-	208,672	-	-	-	32,185	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	5,267,325	208,672	65,155	172,502	28,605	32,185	72,206
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	5,267,325	173,151	64,875	172,502	28,605	32,185	72,206
Total disbursements	5,267,325	173,151	64,875	172,502	28,605	32,185	72,206
Excess (deficiency) of receipts over disbursements	-	35,521	280	-	-	-	-
Cash and investments - ending	$ -	$ 74,962	$ 280	$ -	$ -	$ -	$ -

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

	HEA 1001 HOMESTEAD CREDIT FUND	STATE FINES & FORTFEITURES	OVERWEIGHT VEHICLE FINES	SPECIAL DEATH BENEFITS	STATE SALES DISCLOSURES	CORONERS CONT EDUCATION	STATE MORTGAGE FEE FUND
Cash and investments - beginning	$ (626)	$ 4,859	$ -	$ 107	$ 195	$ 89	$ 111
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	1,280	329	775
Fines and forfeits	-	29,864	29	1,138	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	29,864	29	1,138	1,280	329	775
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	30,615	29	1,190	1,230	399	818
Total disbursements	-	30,615	29	1,190	1,230	399	818
Excess (deficiency) of receipts over disbursements	-	(751)	-	(52)	50	(70)	(43)
Cash and investments - ending	$ (626)	$ 4,108	$ -	$ 55	$ 245	$ 19	$ 68

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

	DLGF HS PROPERTY DATA BASE INT	CHILDS SEAT BELT FINES	FOREST RESTORATION	INHERITANCE TAX	EDUCATIONAL PLATE DISTRIBUTION	AGENCY RIVERBOAT WAGERING TAX	LOCAL OPTION (CERT SHARES) TAX
Cash and investments - beginning	$ -	$ -	$ -	$ 892	$ 19	$ -	$ -
Receipts:							
Taxes	-	-	-	301,893	113	-	1,152,894
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	44,524	-
Charges for services	4	-	375	-	-	-	-
Fines and forfeits	-	100	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	4	100	375	301,893	113	44,524	1,152,894
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	4	100	-	90,535	132	44,524	1,152,894
Total disbursements	4	100	-	90,535	132	44,524	1,152,894
Excess (deficiency) of receipts over disbursements	-	-	375	211,358	(19)	-	-
Cash and investments - ending	$ -	$ -	$ 375	$ 212,250	$ -	$ -	$ -

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

	AGENGY ECONOMIC DEVELOPMENT	ARRA PROS IV-D INCENTIVE	COUNTY IV-D INCENTIVE	PROS IV-D INCEN POST '99	CLERK IV-D INCENTIVE POST '99	CLERK- SUPPORT	CLERK- TRUST
Cash and investments - beginning	$ -	$ 2,068	$ 9,040	$ 49,679	$ 35,067	$ 2,188	$ 158,563
Receipts:							
Taxes	289,723	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	5,813	8,750	5,813	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	216,649	573,676
Other receipts	-	-	-	-	-	-	-
Total receipts	289,723	-	5,813	8,750	5,813	216,649	573,676
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	289,723	157	-	-	7,350	216,815	613,496
Total disbursements	289,723	157	-	-	7,350	216,815	613,496
Excess (deficiency) of receipts over disbursements	-	(157)	5,813	8,750	(1,537)	(166)	(39,820)
Cash and investments - ending	$ -	$ 1,911	$ 14,853	$ 58,429	$ 33,530	$ 2,022	$ 118,743

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

	TREASURER- AFTER SETTLEMENT COLLECTIONS	TREASURER- CHANGE FUND	SHERIFF- CASH BOOK	SHERIFF- COMMISSARY	SHERIFF- INMATE TRUST	RECORDER'S PERPETUATION	JUVENILE PROBATION USER
Cash and investments - beginning	$ 145,291	$ 300	$ 1,200	$ 274	$ (1,194)	$ 32,862	$ 3,390
Receipts:							
Taxes	7,628,908	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	284,943	49,555	59,211	10,788	-
Fines and forfeits	-	-	-	-	-	-	3,097
Other receipts	-	-	-	-	-	-	-
Total receipts	7,628,908	-	284,943	49,555	59,211	10,788	3,097
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	476
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	7,656,341	-	286,143	41,851	57,234	17,182	-
Total disbursements	7,656,341	-	286,143	41,851	57,234	17,182	476
Excess (deficiency) of receipts over disbursements	(27,433)	-	(1,200)	7,704	1,977	(6,394)	2,621
Cash and investments - ending	$ 117,858	$ 300	$ -	$ 7,978	$ 783	$ 26,468	$ 6,011

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

	ADULT PROBATION USER	JUVENILE INTAKE CENTER SERVICE	ADLT OFFENDER INTERSTATE COMPA	INFRACTION JUDGEMENT	SHERIFF EQUIPMENT DONATIONS	PURDUE ASSESSMENT	BIO-TERRORISM CDC GRANT
Cash and investments - beginning	$ 1,750	$ 510	$ 63	$ 1,370	$ 200	$ 255	$ (2,761)
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	28,879	226	688	31,444	-	-	-
Other receipts	-	-	-	-	-	-	10,994
Total receipts	28,879	226	688	31,444	-	-	10,994
Disbursements:							
Personal services	505	-	-	-	-	-	9,492
Supplies	-	-	-	-	-	-	2,818
Other services and charges	2,075	-	-	-	-	-	521
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	373	688	30,951	200	255	-
Total disbursements	2,580	373	688	30,951	200	255	12,831
Excess (deficiency) of receipts over disbursements	26,299	(147)	-	493	(200)	(255)	(1,837)
Cash and investments - ending	$ 28,049	$ 363	$ 63	$ 1,863	$ -	$ -	$ (4,598)

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

	PHC GRANT	ACS MAMMOGRAM	MRC GRANT	NACCHO	TOWNSHIP POOR RELIEF	STATE EXCISE TAX ALLOCATION	STATE SHARE DELINQ TAX & PEN
Cash and investments - beginning	$ 8,690	$ -	$ -	$ 4,075	$ -	$ -	$ -
Receipts:							
Taxes	-	-	-	-	6,339	231,490	16
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	536	-	-
Charges for services	-	4,050	4,472	5,000	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	4,050	4,472	5,000	6,875	231,490	16
Disbursements:							
Personal services	-	-	2,811	2,991	-	-	-
Supplies	-	-	1,603	615	-	-	-
Other services and charges	-	-	58	98	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	2,250	-	-	6,875	231,490	16
Total disbursements	-	2,250	4,472	3,704	6,875	231,490	16
Excess (deficiency) of receipts over disbursements	-	1,800	-	1,296	-	-	-
Cash and investments - ending	$ 8,690	$ 1,800	$ -	$ 5,371	$ -	$ -	$ -

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

	PROJECT INCOME (CORRECTION)	CEMETARY TRUST CLEARANCE	SHERIFF K-9 DONATIONS	RESERVE DEPUTY DONATION FUND	GED DONATIONS	SHERIFF DONATION FUND	SHERIFF SPECIAL GRANT/PROGRAMS
Cash and investments - beginning	$ 76,634	$ 2,537	$ 1,121	$ 891	$ 15	$ 617	$ 300
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	2,549	-	200	-	-	-
Fines and forfeits	32,072	-	-	-	-	-	-
Other receipts	-	-	-	-	-	385	-
Total receipts	32,072	2,549	-	200	-	385	-
Disbursements:							
Personal services	14,303	-	-	-	-	-	-
Supplies	595	-	-	-	-	-	-
Other services and charges	7,739	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	4,140	-	-	-	-	-	-
Other disbursements	-	2,580	70	342	15	-	300
Total disbursements	26,777	2,580	70	342	15	-	300
Excess (deficiency) of receipts over disbursements	5,295	(31)	(70)	(142)	(15)	385	(300)
Cash and investments - ending	$ 81,929	$ 2,506	$ 1,051	$ 749	$ -	$ 1,002	$ -

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

	COMMUNITY CARE ESCROW	OPERATION PULL OVER	UC SHERIFF SUPPORT DONATIONS	UC CEMETERY BOARD DONATION FUN	COURT HOUSE CLOCK GRANT	MASS TRANSPORTATION	TOTALS
Cash and investments - beginning	$ 3,018	$ 253	$ 223	$ 500	$ 1,010	$ -	$ 4,620,077
Receipts:							
Taxes	-	-	-	-	-	-	18,138,947
Licenses and permits	-	-	-	-	-	-	12,142
Intergovernmental	-	-	-	-	-	244,808	1,751,847
Charges for services	-	-	-	-	-	-	1,072,097
Fines and forfeits	-	-	-	-	-	-	1,077,595
Other receipts	-	-	-	-	-	-	1,450,506
Total receipts	-	-	-	-	-	244,808	23,503,134
Disbursements:							
Personal services	-	-	-	-	-	-	2,509,556
Supplies	-	-	-	-	-	-	320,995
Other services and charges	-	-	-	-	-	-	1,312,603
Debt service - principal and interest	-	-	-	-	-	-	189,000
Capital outlay	-	-	-	-	-	-	44,820
Other disbursements	3,018	253	-	500	-	244,808	18,183,126
Total disbursements	3,018	253	-	500	-	244,808	22,560,100
Excess (deficiency) of receipts over disbursements	(3,018)	(253)	-	(500)	-	-	943,034
Cash and investments - ending	$ -	$ -	$ 223	$ -	$ 1,010	$ -	$ 5,563,111

UNION COUNTY
SCHEDULE OF LEASES AND DEBT
December 31, 2012

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Union County Building Corporation	Courthouse Renovation	$ 189,000	01-01-07	01-01-28
Total of annual lease payments		$ 189,000		

UNION 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	$ 791,545
Buildings	3,182,160
Machinery, equipment, and vehicles	2,651,725
Total governmental activities	6,625,430
Total capital assets	$ 6,625,430

UNION COUNTY
OTHER REPORTS

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

Clerk of the Circuit Court

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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 UNION COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited Union 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.

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

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with 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.

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

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

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

Bruce Hartman
State Examiner

June 27, 2013

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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.

UNION 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
U.S. DEPARTMENT OF COMMERCE				
ARRA - State Broadband Data and Development Grant Program, Recovery Act	Indiana Office of Technology	11.558	067BROADBAND000	$ 2,000
U.S. DEPARTMENT OF TRANSPORTATION				
Highway Planning and Construction Cluster				
Highway Planning and Construction	Indiana Department of Transportation	20.205	DES # 11727010	27,210
			DES # 99901290	210,069
Total for Cluster				237,279
Formula Grants for Other Than Urbanized Areas	Indiana Department of Transportation	20.509	11811520	73,016
			128118248	96,785
Total for Program				169,801
Total - Department of Transportation				407,080
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Public Health Emergency Preparedness	Indiana Department of Health	93.069	BPRS 180-70	8,648
Emergency System for Advance Registration of Volunteer Health Professionals	Indiana Department of Health	93.089	BPRS 180-70	2,947
Centers for Disease Control and Prevention - Investigations and Technical Assistance	Indiana Department of Health	93.283	BPRS 180-70	2,345
Child Support Enforcement	Indiana Department of Child Services	93.563		
Clerk				33,453
Prosecutor				50,311
Incentives				20,376
Indirect Costs				17,602
Total for Program				121,742
National Bioterrorism Hospital Preparedness Program	Indiana Department of Health	93.889	40061910ESAR012	1,525
Total - Department of Health and Human Services				137,207
U.S. DEPARTMENT OF HOMELAND SECURITY				
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	Indiana Department of Homeland Security	97.036	DR1766	19,709
Emergency Management Performance Grants	Indiana Department of Homeland Security	97.042	C44P-2-386A	3,728
Total - Department of Homeland Security				23,437
Total federal awards expended				$ 569,724

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

UNION COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Union 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.

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the County provided federal awards to subrecipients as follows for the year ended December 31, 2012:

Program Title	Federal CFDA Number	2012
Formula Grants for Other Than Urbanized Areas	20.509	$ 169,801

UNION 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; Unqualified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	no
Noncompliance material to financial statement noted?	yes

Federal Awards:

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
	Highway Planning and Construction Cluster
20.509	Formula Grants for Other Than Urbanized Areas

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FINDING 2012-1 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

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

1. Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the County to reduce risks to the achievement of financial reporting objectives. The County has not separated incompatible activities related to receipts, disbursements and payroll and related liabilities. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

2. Preparing Financial Statements: Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the County's audited financial statement and then determining how those identified risks should be managed. The County has not identified risks to the preparation of a reliable financial statement and, as a result, has failed to design effective controls over the preparation of the financial statement to prevent or detect material misstatements, including notes to the financial statement.

3. Monitoring of Controls: Effective internal control over financial reporting 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 place 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.

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)

FINDING 2012-2 - INTERNAL CONTROLS OVER THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The County did not have a proper system of internal control in place to prevent or detect and correct errors on the Schedule of Expenditures of Federal Awards (SEFA). The County should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

During the audit of the SEFA, we noted the following errors: Programs were listed on the SEFA that had no activity for the audit period; other programs were not included on the SEFA that should have been; those that did have activity for the audit period and were included on the SEFA, were shown with incorrect amounts. Audit adjustments were proposed, accepted by the County, and made to the SEFA presented in this report. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statement.

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, Chapter 1)

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

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

"(b) 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 sub-recipient, 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 sub-recipients 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."

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

GENE H. SANFORD

UNION COUNTY AUDITOR

26 West Union Street (765)458-5464 Cheryl Vickers 1st Deputy
Liberty, In 47353 fax (765)458-1050 Deana Hill 2nd Deputy

June 17, 2013

CORRECTIVE ACTION PLAN

FINDING NUMBER 2012-1, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

The Union County Auditor's Office will review office procedures and attempt to institute more review and oversight controls. However, the office is a small office and the Auditor and Commissioners feel the cost associated with employing additional staff necessary to segregate the various duties would outweigh the benefit of a stronger internal control structure. We understand and accept the risks involved with the current office structure.

Gene H. Sanford

Union County Auditor

President, Union County
Commissioners

GENE H. SANFORD

UNION COUNTY AUDITOR

26 West Union Street (765)458-5464 Cheryl Vickers 1st Deputy
Liberty, In 47353 fax (765)458-1050 Deana Hill 2nd Deputy

June 17, 2013

CORRECTIVE ACTION PLAN

FINDING NUMBER 2012-2, INTERNAL CONTROLS OVER THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Union County Auditor's Office will establish a file to better capture federal grants and awards as they are received in the Auditor's office. These will be checked against current awards which should increase our ability to identify federal dollars received in Union County.

Paul Weir Union Co. Commission
Gene H. Sanford

Union County Auditor

UNION COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 27, 2013, with Gene Sanford, Auditor; Paul Wiwi, President of the Board of County Commissioners; and Russell Rude, Vice President of the County Council.