

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF  
JAY COUNTY, INDIANA  
January 1, 2012 to December 31, 2012



**FILED**  
08/08/2013



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Nancy J. Culy	01-01-11 to 12-31-14
Treasurer	Robin Alberson	01-01-09 to 12-31-16
Clerk	Ellen Coats	01-01-09 to 12-31-16
Sheriff	Larry R. Newton, Jr.	01-01-11 to 12-31-14
Recorder	Beverly D. Myers	01-01-11 to 12-31-14
President of the Board of County Commissioners	Milo M. Miller, Jr.	01-01-12 to 12-31-13
President of the County Council	Michael Leonhard	01-01-12 to 12-31-13



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF JAY COUNTY, INDIANA

***Report on the Financial Statement***

We have audited the accompanying financial statement of Jay 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 July 16, 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 Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

*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 Indiana 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

July 16, 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 JAY 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 Jay 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 July 16, 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.

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 2012-1.

***Jay 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

July 16, 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.

JAY 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
General	\$ 875,372	\$ 7,922,787	\$ 7,673,865	\$ 1,124,294
Accident Report	1,721	1,223	1,966	978
CAGIT Certified Shares	-	2,349,835	2,349,835	-
County Economic Development Income Tax	503,871	469,376	358,420	614,827
City and Town Court Costs	75,953	2,963	-	78,916
Clerk's Perpetuation	28,803	4,455	-	33,258
Community Corrections 2011-12	8,768	44,207	52,975	-
Community Transition Program	7,723	27,370	-	35,093
Congressional School Interest	9,430	143	1,369	8,204
Innkeepers Tax	84,726	92,060	84,726	92,060
County Disclosure	5,401	2,400	133	7,668
Cumulative Bridge	804,397	637,988	394,645	1,047,740
Cumulative Capital Development	530,588	386,105	417,757	498,936
Drug Free Community	17,889	14,598	17,989	14,498
Electronic Map Generation	4,795	357	-	5,152
Jay Emergency Medical Services	677,588	559,460	1,085,375	151,673
Emergency Planning and Right To Know	3,198	60	1,413	1,845
Emergency Telephone System	39,855	102,613	142,468	-
County Extradition	3,428	-	1,096	2,332
Firearms Training	7,537	9,700	8,267	8,970
General Drain Improvement	54,389	105,770	105,538	54,621
Health	99,108	159,975	239,030	20,053
Excess Levy	85,966	52,046	89,761	48,251
Health Maintenance	31,002	43,513	43,172	31,343
Local Road and Street	145,383	183,737	121,580	207,540
LOIT Public Safety	296,402	354,887	368,501	282,788
Medical Care of Inmates	968	2,526	-	3,494
Highway	1,117,595	2,245,312	1,968,623	1,394,284
Plat Book	86,602	6,195	14,995	77,802
Rainy Day	2,535,787	750,000	761,000	2,524,787
Property Reassessment	16,502	-	16,501	1
2017 Reassessment	97,728	95,272	-	193,000
Recorder's Records Perpetuation	167,523	33,875	22,362	179,036
Riverboat Tax Distribution	-	125,901	125,901	-
Sex and Violent Offenders Administration	350	1,780	1,930	200
Supplement Public Defender Services	15,682	2,750	-	18,432
Surplus Tax	52	13,245	12,105	1,192
Surveyor's Corner Perpetuation	2,211	4,435	3,491	3,155
Tax Sale Redemption	-	22,534	21,331	1,203
Surplus Tax Sale	24,928	16,384	3,083	38,229
Tobacco Settlement	43,242	16,818	21,103	38,957
VIN Checks	2,661	1,110	-	3,771
Wireless Emergency Telephone System	6,204	40,012	46,216	-
County Elected Officials Training	808	1,969	-	2,777
Statewide 911	-	275,653	-	275,653
Probation User Fee-Administrative	150	20	-	170
Juvenile Probation Services	9,675	182	-	9,857
Drainage Maintenance	444,738	496,644	538,623	402,759
Court Interpreters	3,387	3,150	250	6,287
Payroll	143,382	6,291,372	6,383,496	51,258
Tax Distribution	-	14,593,915	14,593,915	-
LOIT Public Safety Clearing	-	271,626	241,776	29,850
Operating Levy Freeze LOIT Stabilization	790,467	-	-	790,467
Wheel Tax	-	96,429	95,709	720
Surtax	-	264,767	264,767	-
Commercial Vehicle Excise Tax	-	92,272	92,272	-
Delinquent Sewer	-	36,736	36,736	-
Financial Institution Tax	-	82,420	82,420	-
CEDIT Homestead Credit	2,923	302,654	262,265	43,312
HEA 1001-2008 State Homestead Credit	(531)	40	-	(491)
Local Option PTRC	-	783,141	783,141	-
LOIT PTRC	25,136	1,567,431	1,274,509	318,058
State Fines and Forfeitures	21,629	20,573	40,183	2,019
Infraction Judgments	2,111	26,801	27,284	1,628
Overweight Vehicle Fines	-	112	112	-

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

JAY 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
Special Death Benefit	160	2,225	2,225	160
State Disclosure Fees	320	2,400	2,370	350
Coroners Training and Continuing Education	119	1,239	1,293	65
Interstate Compact	125	585	710	-
Mortgage Recording Fee	195	2,153	2,063	285
Child Restraint Violations Fines	25	250	275	-
Inheritance Tax	1,165,815	699,462	1,802,055	63,222
Education Plate Fees	-	338	338	-
93.563 ARRA Prosecutor	22,586	36	5,061	17,561
93.563 ARRA Clerk	16,117	-	-	16,117
93.563 Title IV-D Incentive	8,108	26,562	-	34,670
93.563 Prosecutor Title IV-D	47,944	15,609	-	63,553
93.563 Clerk Title IV-D	71,194	-	5,999	65,195
Community Corrections Home Detention	167,035	51,665	69,649	149,051
Deferral Program	28,022	7,304	7,074	28,252
User Fees	7,627	797	765	7,659
Probation User Fees	260,598	46,174	77,916	228,856
Jury Fees	10,356	2,858	2,444	10,770
Premier Ethanol TIF District	-	749,064	528,590	220,474
Drug Trust	233,981	1,363,065	1,338,255	258,791
Drug Fee Sheriff	565	3,500	3,400	665
County Economic Development Income Tax	-	310,220	272,664	37,556
Community Corrections	-	56,747	48,351	8,396
After Settlement Collections	355,707	510,872	355,207	511,372
Prosecuting Attorney	-	15,505	15,505	-
Sheriff Inmate Trust	6,371	127,641	127,484	6,528
Sheriff	614	573,348	573,962	-
Sheriff Commissary	6,878	70,302	57,398	19,782
County Home Welfare Trust	5,374	250,270	251,094	4,550
Sheriff Drug Buy Money	4,170	-	80	4,090
Congressional Principal	22,822	-	-	22,822
20.509 Rural Transportation Grant	4	902,301	902,301	4
Misdemeanant Housing	20,622	15,647	12,985	23,284
Backhoe Repair and Replacement	88,566	71,571	64,952	95,185
Infrastructure	1,044,021	336,801	527,524	853,298
20.609 Operation Pullover	1,020	3,300	4,320	-
Retirement Center Donations	4,792	7	-	4,799
Jail Lease Payments	102,662	689,213	791,875	-
PPAATC	40,989	-	40,989	-
Tile Inventory	189	61,568	59,836	1,921
Ambulance Replacement	45,811	8,640	-	54,451
Redevelopment District Capital	182,877	726	28,417	155,186
County Forfeiture	2,720	-	-	2,720
5% Host Fees-Infrastructure	125,100	15,884	-	140,984
Court ASAAE	22,848	26,591	32,990	16,449
Commissioner's Certificate Sale	618	19,060	18,890	788
Redacting Fee	15,183	1,969	450	16,702
Marijuana Eradication	829	-	-	829
TIF Bond General	267,859	-	-	267,859
TIF Bond Reserve	125,575	-	-	125,575
HEA	87,930	208,300	115,958	180,272
LOIT Operating Levy Freeze	-	1,252,780	1,102,591	150,189
14.228 Jay Co-JRDS	23,025	76,501	99,526	-
16.575 Victim Assistant Grant	(5,800)	21,907	21,907	(5,800)
93.069 Bioterrorism Grant	12,031	9,225	10,011	11,245
PSIC Grant	130	-	130	-
Bulletproof Vests	-	3,492	-	3,492
Jury Pay	98	-	-	98
Pre Trial Diversion	8,651	2,017	-	10,668
County Sheriff Continuing Education	3,165	1,130	4	4,291
Totals	<u>\$ 14,629,546</u>	<u>\$ 50,732,505</u>	<u>\$ 50,683,863</u>	<u>\$ 14,678,188</u>

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

JAY COUNTY  
NOTES TO FINANCIAL STATEMENT

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

*A. Reporting Entity*

The County was established under the laws of the State of Indiana. The County operates under a Council-Commissioner form of government and provides some or all of the following services: public safety (police), highways and streets, health welfare and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

The accompanying financial statement presents the financial information for the County.

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the 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,

JAY COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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 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.

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.

JAY COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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.

JAY COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**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.

JAY COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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 this financial statement.

**Note 8. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of reimbursements for expenditures made by the County that were not received by December 31, 2012.

**Note 9. Combined Funds**

Funds related to the Treasurer's cash change and After Settlement Collections were reported individually in the prior financial statement but were combined into one fund for the current financial statement.

Funds related to the Sheriff's Commissary and Sheriff Cash Change were reported individually in the prior financial statement but were combined into one fund for the current financial statement.

## 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.

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

	General	Accident Report	CAGIT Certified Shares	County Economic Development Income Tax	City and Town Court Costs	Clerk's Perpetuation
Cash and investments - beginning	\$ 875,372	\$ 1,721	\$ -	\$ 503,871	\$ 75,953	\$ 28,803
Receipts:						
Taxes	5,657,175	-	2,349,835	446,252	-	-
Licenses and permits	53,982	-	-	-	-	-
Intergovernmental	289,436	-	-	-	-	-
Charges for services	631,969	1,223	-	-	-	2,239
Fines and forfeits	80,247	-	-	-	2,963	2,216
Other receipts	1,209,978	-	-	23,124	-	-
Total receipts	<u>7,922,787</u>	<u>1,223</u>	<u>2,349,835</u>	<u>469,376</u>	<u>2,963</u>	<u>4,455</u>
Disbursements:						
Personal services	4,760,137	-	-	-	-	-
Supplies	507,142	-	-	-	-	-
Other services and charges	1,531,900	1,966	-	272,785	-	-
Capital outlay	10,711	-	-	85,635	-	-
Other disbursements	863,975	-	2,349,835	-	-	-
Total disbursements	<u>7,673,865</u>	<u>1,966</u>	<u>2,349,835</u>	<u>358,420</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	<u>248,922</u>	<u>(743)</u>	<u>-</u>	<u>110,956</u>	<u>2,963</u>	<u>4,455</u>
Cash and investments - ending	<u>\$ 1,124,294</u>	<u>\$ 978</u>	<u>\$ -</u>	<u>\$ 614,827</u>	<u>\$ 78,916</u>	<u>\$ 33,258</u>

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

	Community Corrections 2011-12	Community Transition Program	Congressional School Interest	Innkeepers Tax	County Disclosure	Cumulative Bridge
Cash and investments - beginning	\$ 8,768	\$ 7,723	\$ 9,430	\$ 84,726	\$ 5,401	\$ 804,397
Receipts:						
Taxes	44,137	-	-	92,060	-	476,544
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	28,169
Charges for services	-	27,370	-	-	2,400	133,275
Fines and forfeits	-	-	-	-	-	-
Other receipts	70	-	143	-	-	-
Total receipts	<u>44,207</u>	<u>27,370</u>	<u>143</u>	<u>92,060</u>	<u>2,400</u>	<u>637,988</u>
Disbursements:						
Personal services	49,339	-	-	-	-	-
Supplies	-	-	-	-	-	12,710
Other services and charges	3,636	-	-	84,726	133	706
Capital outlay	-	-	-	-	-	381,229
Other disbursements	-	-	1,369	-	-	-
Total disbursements	<u>52,975</u>	<u>-</u>	<u>1,369</u>	<u>84,726</u>	<u>133</u>	<u>394,645</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(8,768)</u>	<u>27,370</u>	<u>(1,226)</u>	<u>7,334</u>	<u>2,267</u>	<u>243,343</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 35,093</u>	<u>\$ 8,204</u>	<u>\$ 92,060</u>	<u>\$ 7,668</u>	<u>\$ 1,047,740</u>

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

	Cumulative Capital Development	Drug Free Community	Electronic Map Generation	Jay Emergency Medical Services	Emergency Planning and Right to Know	Emergency Telephone System
Cash and investments - beginning	\$ 530,588	\$ 17,889	\$ 4,795	\$ 677,588	\$ 3,198	\$ 39,855
Receipts:						
Taxes	364,556	-	-	195,225	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	21,549	-	-	12,549	-	-
Charges for services	-	-	357	345,893	-	101,926
Fines and forfeits	-	14,498	-	-	-	-
Other receipts	-	100	-	5,793	60	687
Total receipts	<u>386,105</u>	<u>14,598</u>	<u>357</u>	<u>559,460</u>	<u>60</u>	<u>102,613</u>
Disbursements:						
Personal services	-	-	-	934,626	-	33,439
Supplies	-	-	-	89,695	120	676
Other services and charges	-	17,989	-	40,811	1,293	24,247
Capital outlay	417,757	-	-	11,603	-	-
Other disbursements	-	-	-	8,640	-	84,106
Total disbursements	<u>417,757</u>	<u>17,989</u>	<u>-</u>	<u>1,085,375</u>	<u>1,413</u>	<u>142,468</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(31,652)</u>	<u>(3,391)</u>	<u>357</u>	<u>(525,915)</u>	<u>(1,353)</u>	<u>(39,855)</u>
Cash and investments - ending	<u>\$ 498,936</u>	<u>\$ 14,498</u>	<u>\$ 5,152</u>	<u>\$ 151,673</u>	<u>\$ 1,845</u>	<u>\$ -</u>

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

	County Extradition	Firearms Training	General Drain Improvement	Health	Excess Levy	Health Maintenance
Cash and investments - beginning	\$ 3,428	\$ 7,537	\$ 54,389	\$ 99,108	\$ 85,966	\$ 31,002
Receipts:						
Taxes	-	-	-	97,692	-	24,504
Licenses and permits	-	9,700	-	-	-	-
Intergovernmental	-	-	-	5,775	-	-
Charges for services	-	-	-	45,147	-	18,958
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	105,770	11,361	52,046	51
Total receipts	<u>-</u>	<u>9,700</u>	<u>105,770</u>	<u>159,975</u>	<u>52,046</u>	<u>43,513</u>
Disbursements:						
Personal services	-	-	-	180,359	-	42,308
Supplies	-	-	-	5,917	-	772
Other services and charges	-	981	-	31,754	-	92
Capital outlay	-	7,286	-	21,000	-	-
Other disbursements	1,096	-	105,538	-	89,761	-
Total disbursements	<u>1,096</u>	<u>8,267</u>	<u>105,538</u>	<u>239,030</u>	<u>89,761</u>	<u>43,172</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(1,096)</u>	<u>1,433</u>	<u>232</u>	<u>(79,055)</u>	<u>(37,715)</u>	<u>341</u>
Cash and investments - ending	<u>\$ 2,332</u>	<u>\$ 8,970</u>	<u>\$ 54,621</u>	<u>\$ 20,053</u>	<u>\$ 48,251</u>	<u>\$ 31,343</u>

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

	<u>Local Road and Street</u>	<u>LOIT Public Safety</u>	<u>Medical Care of Inmates</u>	<u>Highway</u>	<u>Plat Book</u>	<u>Rainy Day</u>
Cash and investments - beginning	\$ 145,383	\$ 296,402	\$ 968	\$ 1,117,595	\$ 86,602	\$ 2,535,787
Receipts:						
Taxes	-	-	-	292,858	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	2,526	95,425	6,195	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	183,737	354,887	-	1,857,029	-	750,000
Total receipts	<u>183,737</u>	<u>354,887</u>	<u>2,526</u>	<u>2,245,312</u>	<u>6,195</u>	<u>750,000</u>
Disbursements:						
Personal services	-	218,626	-	831,661	-	-
Supplies	-	702	-	811,928	-	-
Other services and charges	-	63,173	-	166,241	14,995	-
Capital outlay	121,580	86,000	-	158,793	-	-
Other disbursements	-	-	-	-	-	761,000
Total disbursements	<u>121,580</u>	<u>368,501</u>	<u>-</u>	<u>1,968,623</u>	<u>14,995</u>	<u>761,000</u>
Excess (deficiency) of receipts over (under) disbursements	<u>62,157</u>	<u>(13,614)</u>	<u>2,526</u>	<u>276,689</u>	<u>(8,800)</u>	<u>(11,000)</u>
Cash and investments - ending	<u>\$ 207,540</u>	<u>\$ 282,788</u>	<u>\$ 3,494</u>	<u>\$ 1,394,284</u>	<u>\$ 77,802</u>	<u>\$ 2,524,787</u>

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

	Property Reassessment	2017 Reassessment	Recorder's Records Perpetuation	Riverboat Tax Distribution	Sex and Violent Offenders Administration	Supplement Public Defender Services
Cash and investments - beginning	\$ 16,502	\$ 97,728	\$ 167,523	\$ -	\$ 350	\$ 15,682
Receipts:						
Taxes	-	89,749	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	5,305	-	-	-	-
Charges for services	-	-	33,875	-	1,780	-
Fines and forfeits	-	-	-	-	-	2,750
Other receipts	-	218	-	125,901	-	-
Total receipts	-	95,272	33,875	125,901	1,780	2,750
Disbursements:						
Personal services	-	-	933	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	16,501	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	21,429	125,901	1,930	-
Total disbursements	16,501	-	22,362	125,901	1,930	-
Excess (deficiency) of receipts over (under) disbursements	(16,501)	95,272	11,513	-	(150)	2,750
Cash and investments - ending	\$ 1	\$ 193,000	\$ 179,036	\$ -	\$ 200	\$ 18,432

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

	Surplus Tax	Surveyor's Corner Perpetuation	Tax Sale Redemption	Surplus Tax Sale	Tobacco Settlement	VIN Checks
Cash and investments - beginning	\$ 52	\$ 2,211	\$ -	\$ 24,928	\$ 43,242	\$ 2,661
Receipts:						
Taxes	-	-	-	-	16,818	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	4,435	-	-	-	1,110
Fines and forfeits	-	-	-	-	-	-
Other receipts	13,245	-	22,534	16,384	-	-
Total receipts	<u>13,245</u>	<u>4,435</u>	<u>22,534</u>	<u>16,384</u>	<u>16,818</u>	<u>1,110</u>
Disbursements:						
Personal services	-	-	-	-	252	-
Supplies	-	-	-	-	10,145	-
Other services and charges	-	3,491	-	-	5,158	-
Capital outlay	-	-	-	-	5,548	-
Other disbursements	12,105	-	21,331	3,083	-	-
Total disbursements	<u>12,105</u>	<u>3,491</u>	<u>21,331</u>	<u>3,083</u>	<u>21,103</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	<u>1,140</u>	<u>944</u>	<u>1,203</u>	<u>13,301</u>	<u>(4,285)</u>	<u>1,110</u>
Cash and investments - ending	<u>\$ 1,192</u>	<u>\$ 3,155</u>	<u>\$ 1,203</u>	<u>\$ 38,229</u>	<u>\$ 38,957</u>	<u>\$ 3,771</u>

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

	Wireless Emergency Telephone System	County Elected Officials Training	Statewide 911	Probation User Fee- Administrative	Juvenile Probation Services	Drainage Maintenance
Cash and investments - beginning	\$ 6,204	\$ 808	\$ -	\$ 150	\$ 9,675	\$ 444,738
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	40,003	1,969	275,653	-	-	480,547
Fines and forfeits	-	-	-	20	182	-
Other receipts	9	-	-	-	-	16,097
Total receipts	<u>40,012</u>	<u>1,969</u>	<u>275,653</u>	<u>20</u>	<u>182</u>	<u>496,644</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	2,600	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	43,616	-	-	-	-	538,623
Total disbursements	<u>46,216</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>538,623</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(6,204)</u>	<u>1,969</u>	<u>275,653</u>	<u>20</u>	<u>182</u>	<u>(41,979)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 2,777</u>	<u>\$ 275,653</u>	<u>\$ 170</u>	<u>\$ 9,857</u>	<u>\$ 402,759</u>

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

	Court Interpreters	Payroll	Tax Distribution	LOIT Public Safety Clearing	Operating Levy Freeze LOIT Stabilization	Wheel Tax
Cash and investments - beginning	\$ 3,387	\$ 143,382	\$ -	\$ -	\$ 790,467	\$ -
Receipts:						
Taxes	3,150	-	14,593,915	271,626	-	96,429
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	6,291,372	-	-	-	-
Total receipts	<u>3,150</u>	<u>6,291,372</u>	<u>14,593,915</u>	<u>271,626</u>	<u>-</u>	<u>96,429</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	250	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	6,383,496	14,593,915	241,776	-	95,709
Total disbursements	<u>250</u>	<u>6,383,496</u>	<u>14,593,915</u>	<u>241,776</u>	<u>-</u>	<u>95,709</u>
Excess (deficiency) of receipts over (under) disbursements	<u>2,900</u>	<u>(92,124)</u>	<u>-</u>	<u>29,850</u>	<u>-</u>	<u>720</u>
Cash and investments - ending	<u>\$ 6,287</u>	<u>\$ 51,258</u>	<u>\$ -</u>	<u>\$ 29,850</u>	<u>\$ 790,467</u>	<u>\$ 720</u>

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

	Surtax	Commercial Vehicle Excise Tax	Delinquent Sewer	Financial Institution Tax	CEDIT Homestead Credit	HEA 1001-2008 State Homestead Credit
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 2,923	\$ (531)
Receipts:						
Taxes	264,767	92,272	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	82,420	-	-
Charges for services	-	-	36,736	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	-	-	302,654	40
Total receipts	<u>264,767</u>	<u>92,272</u>	<u>36,736</u>	<u>82,420</u>	<u>302,654</u>	<u>40</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	264,767	92,272	36,736	82,420	262,265	-
Total disbursements	<u>264,767</u>	<u>92,272</u>	<u>36,736</u>	<u>82,420</u>	<u>262,265</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>40,389</u>	<u>40</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,312</u>	<u>\$ (491)</u>

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

	Local Option PTRC	LOIT PTRC	State Fines and Forfeitures	Infraction Judgments	Overweight Vehicle Fines	Special Death Benefit
Cash and investments - beginning	\$ -	\$ 25,136	\$ 21,629	\$ 2,111	\$ -	\$ 160
Receipts:						
Taxes	783,141	1,567,431	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	2,225
Fines and forfeits	-	-	20,573	-	112	-
Other receipts	-	-	-	26,801	-	-
Total receipts	<u>783,141</u>	<u>1,567,431</u>	<u>20,573</u>	<u>26,801</u>	<u>112</u>	<u>2,225</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	783,141	1,274,509	40,183	27,284	112	2,225
Total disbursements	<u>783,141</u>	<u>1,274,509</u>	<u>40,183</u>	<u>27,284</u>	<u>112</u>	<u>2,225</u>
Excess (deficiency) of receipts over (under) disbursements	<u>-</u>	<u>292,922</u>	<u>(19,610)</u>	<u>(483)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 318,058</u>	<u>\$ 2,019</u>	<u>\$ 1,628</u>	<u>\$ -</u>	<u>\$ 160</u>

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

	State Disclosure Fees	Coroners Training and Continuing Education	Interstate Compact	Mortgage Recording Fee	Child Restraint Violations Fines	Inheritance Tax
Cash and investments - beginning	\$ 320	\$ 119	\$ 125	\$ 195	\$ 25	\$ 1,165,815
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	2,400	1,239	-	2,153	-	-
Fines and forfeits	-	-	585	-	-	-
Other receipts	-	-	-	-	250	699,462
Total receipts	<u>2,400</u>	<u>1,239</u>	<u>585</u>	<u>2,153</u>	<u>250</u>	<u>699,462</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	2,370	1,293	710	2,063	275	1,802,055
Total disbursements	<u>2,370</u>	<u>1,293</u>	<u>710</u>	<u>2,063</u>	<u>275</u>	<u>1,802,055</u>
Excess (deficiency) of receipts over (under) disbursements	<u>30</u>	<u>(54)</u>	<u>(125)</u>	<u>90</u>	<u>(25)</u>	<u>(1,102,593)</u>
Cash and investments - ending	<u>\$ 350</u>	<u>\$ 65</u>	<u>\$ -</u>	<u>\$ 285</u>	<u>\$ -</u>	<u>\$ 63,222</u>

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

	Education Plate Fees	93.563 ARRA Prosecutor	93.563 ARRA Clerk	93.563 Title IV-D Incentive	93.563 Prosecutor Title IV-D	93.563 Clerk Title IV-D
Cash and investments - beginning	\$ -	\$ 22,586	\$ 16,117	\$ 8,108	\$ 47,944	\$ 71,194
Receipts:						
Taxes	-	-	-	26,562	15,510	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	338	36	-	-	99	-
Total receipts	<u>338</u>	<u>36</u>	<u>-</u>	<u>26,562</u>	<u>15,609</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	338	5,061	-	-	-	5,999
Total disbursements	<u>338</u>	<u>5,061</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,999</u>
Excess (deficiency) of receipts over (under) disbursements	<u>-</u>	<u>(5,025)</u>	<u>-</u>	<u>26,562</u>	<u>15,609</u>	<u>(5,999)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 17,561</u>	<u>\$ 16,117</u>	<u>\$ 34,670</u>	<u>\$ 63,553</u>	<u>\$ 65,195</u>

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

	Community Corrections Home Detention	Deferral Program	User Fees	Probation User Fees	Jury Fees	Premier Ethanol TIF District
Cash and investments - beginning	\$ 167,035	\$ 28,022	\$ 7,627	\$ 260,598	\$ 10,356	\$ -
Receipts:						
Taxes	-	-	-	-	-	749,064
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	51,184	7,304	797	46,174	2,746	-
Other receipts	481	-	-	-	112	-
Total receipts	<u>51,665</u>	<u>7,304</u>	<u>797</u>	<u>46,174</u>	<u>2,858</u>	<u>749,064</u>
Disbursements:						
Personal services	25,184	1,776	-	49,805	2,444	-
Supplies	5,844	-	-	2,925	-	-
Other services and charges	34,649	2,016	-	8,665	-	-
Capital outlay	3,662	-	-	371	-	-
Other disbursements	310	3,282	765	16,150	-	528,590
Total disbursements	<u>69,649</u>	<u>7,074</u>	<u>765</u>	<u>77,916</u>	<u>2,444</u>	<u>528,590</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(17,984)</u>	<u>230</u>	<u>32</u>	<u>(31,742)</u>	<u>414</u>	<u>220,474</u>
Cash and investments - ending	<u>\$ 149,051</u>	<u>\$ 28,252</u>	<u>\$ 7,659</u>	<u>\$ 228,856</u>	<u>\$ 10,770</u>	<u>\$ 220,474</u>

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

	Clerk Trust	Drug Fee Sheriff	County Economic Development Income Tax	Community Corrections	After Settlement Collections	Prosecuting Attorney
Cash and investments - beginning	\$ 233,981	\$ 565	\$ -	\$ -	\$ 355,707	\$ -
Receipts:						
Taxes	-	-	310,220	-	510,872	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	1,363,065	-	-	-	-	-
Other receipts	-	3,500	-	56,747	-	15,505
Total receipts	<u>1,363,065</u>	<u>3,500</u>	<u>310,220</u>	<u>56,747</u>	<u>510,872</u>	<u>15,505</u>
Disbursements:						
Personal services	-	-	-	45,528	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	2,823	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	1,338,255	3,400	272,664	-	355,207	15,505
Total disbursements	<u>1,338,255</u>	<u>3,400</u>	<u>272,664</u>	<u>48,351</u>	<u>355,207</u>	<u>15,505</u>
Excess (deficiency) of receipts over (under) disbursements	<u>24,810</u>	<u>100</u>	<u>37,556</u>	<u>8,396</u>	<u>155,665</u>	<u>-</u>
Cash and investments - ending	<u>\$ 258,791</u>	<u>\$ 665</u>	<u>\$ 37,556</u>	<u>\$ 8,396</u>	<u>\$ 511,372</u>	<u>\$ -</u>

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

	Sheriff Inmate Trust	Sheriff	Sheriff Commissary	County Home Welfare Trust	Sheriff Drug Buy Money	Congressional Principal
Cash and investments - beginning	\$ 6,371	\$ 614	\$ 6,878	\$ 5,374	\$ 4,170	\$ 22,822
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	127,641	573,348	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	70,302	250,270	-	-
Total receipts	<u>127,641</u>	<u>573,348</u>	<u>70,302</u>	<u>250,270</u>	<u>-</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	127,484	573,962	57,398	251,094	80	-
Total disbursements	<u>127,484</u>	<u>573,962</u>	<u>57,398</u>	<u>251,094</u>	<u>80</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	<u>157</u>	<u>(614)</u>	<u>12,904</u>	<u>(824)</u>	<u>(80)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 6,528</u>	<u>\$ -</u>	<u>\$ 19,782</u>	<u>\$ 4,550</u>	<u>\$ 4,090</u>	<u>\$ 22,822</u>

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

	20.509 Rural Transportation Grant	Misdemeanant Housing	Backhoe Repair and Replacement	Infrastructure	20.609 Operation Pullover	Retirement Center Donations
Cash and investments - beginning	\$ 4	\$ 20,622	\$ 88,566	\$ 1,044,021	\$ 1,020	\$ 4,792
Receipts:						
Taxes	902,301	-	-	-	3,300	-
Licenses and permits	-	-	-	35,000	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	15,647	-	301,801	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	71,571	-	-	7
Total receipts	<u>902,301</u>	<u>15,647</u>	<u>71,571</u>	<u>336,801</u>	<u>3,300</u>	<u>7</u>
Disbursements:						
Personal services	-	-	-	-	1,820	-
Supplies	-	12,000	7,414	-	-	-
Other services and charges	-	985	1,394	106,837	-	-
Capital outlay	-	-	56,144	420,687	2,500	-
Other disbursements	902,301	-	-	-	-	-
Total disbursements	<u>902,301</u>	<u>12,985</u>	<u>64,952</u>	<u>527,524</u>	<u>4,320</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	<u>-</u>	<u>2,662</u>	<u>6,619</u>	<u>(190,723)</u>	<u>(1,020)</u>	<u>7</u>
Cash and investments - ending	<u>\$ 4</u>	<u>\$ 23,284</u>	<u>\$ 95,185</u>	<u>\$ 853,298</u>	<u>\$ -</u>	<u>\$ 4,799</u>

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

	Jail Lease Payments	PPAATC	Tile Inventory	Ambulance Replacement	Redevelopment District Capital	County Forfeiture
Cash and investments - beginning	\$ 102,662	\$ 40,989	\$ 189	\$ 45,811	\$ 182,877	\$ 2,720
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	8,640	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	689,213	-	61,568	-	726	-
Total receipts	<u>689,213</u>	<u>-</u>	<u>61,568</u>	<u>8,640</u>	<u>726</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	59,836	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	791,875	-	-	-	-	-
Other disbursements	-	40,989	-	-	28,417	-
Total disbursements	<u>791,875</u>	<u>40,989</u>	<u>59,836</u>	<u>-</u>	<u>28,417</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(102,662)</u>	<u>(40,989)</u>	<u>1,732</u>	<u>8,640</u>	<u>(27,691)</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,921</u>	<u>\$ 54,451</u>	<u>\$ 155,186</u>	<u>\$ 2,720</u>

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

	5% Host Fees - Infrastructure	Court ASAAE	Commissioner's Certificate Sale	Redacting Fee	Marijuana Eradication	TIF Bond General
Cash and investments - beginning	\$ 125,100	\$ 22,848	\$ 618	\$ 15,183	\$ 829	\$ 267,859
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	15,884	-	-	1,969	-	-
Fines and forfeits	-	26,591	-	-	-	-
Other receipts	-	-	19,060	-	-	-
Total receipts	<u>15,884</u>	<u>26,591</u>	<u>19,060</u>	<u>1,969</u>	<u>-</u>	<u>-</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	32,990	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	18,890	450	-	-
Total disbursements	<u>-</u>	<u>32,990</u>	<u>18,890</u>	<u>450</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	<u>15,884</u>	<u>(6,399)</u>	<u>170</u>	<u>1,519</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 140,984</u>	<u>\$ 16,449</u>	<u>\$ 788</u>	<u>\$ 16,702</u>	<u>\$ 829</u>	<u>\$ 267,859</u>

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

	TIF Bond Reserve	HEA	LOIT Operating Levy Freeze	14.228 Jay Co-JRDS	16.575 Victim Assistant Grant	93.069 Bioterrorism Grant
Cash and investments - beginning	\$ 125,575	\$ 87,930	\$ -	\$ 23,025	\$ (5,800)	\$ 12,031
Receipts:						
Taxes	-	-	1,252,780	-	21,907	9,225
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	208,300	-	76,501	-	-
Total receipts	<u>-</u>	<u>208,300</u>	<u>1,252,780</u>	<u>76,501</u>	<u>21,907</u>	<u>9,225</u>
Disbursements:						
Personal services	-	-	-	-	21,907	-
Supplies	-	-	-	-	-	208
Other services and charges	-	-	-	99,526	-	9,803
Capital outlay	-	-	-	-	-	-
Other disbursements	-	115,958	1,102,591	-	-	-
Total disbursements	<u>-</u>	<u>115,958</u>	<u>1,102,591</u>	<u>99,526</u>	<u>21,907</u>	<u>10,011</u>
Excess (deficiency) of receipts over (under) disbursements	<u>-</u>	<u>92,342</u>	<u>150,189</u>	<u>(23,025)</u>	<u>-</u>	<u>(786)</u>
Cash and investments - ending	<u>\$ 125,575</u>	<u>\$ 180,272</u>	<u>\$ 150,189</u>	<u>\$ -</u>	<u>\$ (5,800)</u>	<u>\$ 11,245</u>

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

	PSIC Grant	Bulletproof Vests	Jury Pay	Pre Trial Diversion	County Sheriff Continuing Education	Totals
Cash and investments - beginning	\$ 130	\$ -	\$ 98	\$ 8,651	\$ 3,165	\$ 14,629,546
Receipts:						
Taxes	-	-	-	-	-	31,621,877
Licenses and permits	-	-	-	-	-	98,682
Intergovernmental	-	-	-	-	-	445,203
Charges for services	-	3,492	-	-	846	3,348,296
Fines and forfeits	-	-	-	2,017	284	1,624,308
Other receipts	-	-	-	-	-	13,594,139
Total receipts	<u>-</u>	<u>3,492</u>	<u>-</u>	<u>2,017</u>	<u>1,130</u>	<u>50,732,505</u>
Disbursements:						
Personal services	-	-	-	-	-	7,200,144
Supplies	-	-	-	-	-	1,528,034
Other services and charges	-	-	-	-	-	2,585,116
Capital outlay	130	-	-	-	-	2,582,511
Other disbursements	-	-	-	-	4	36,788,058
Total disbursements	<u>130</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>50,683,863</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(130)</u>	<u>3,492</u>	<u>-</u>	<u>2,017</u>	<u>1,126</u>	<u>48,642</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 3,492</u>	<u>\$ 98</u>	<u>\$ 10,668</u>	<u>\$ 4,291</u>	<u>\$ 14,678,188</u>

JAY COUNTY  
SCHEDULE OF PAYABLES AND RECEIVABLES  
December 31, 2012

Government	Accounts Payable	Accounts Receivable
Governmental activities	<u>\$ 193,097</u>	<u>\$ 168,330</u>

JAY 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	Capital Lease - Jail	\$ 9,185,000	\$ 799,000
Notes and loans payable	Surveyor Excavator	82,523	24,596
Notes and loans payable	Chip and Seal Equipment	<u>312,325</u>	<u>65,762</u>
Totals		<u>\$ 9,579,848</u>	<u>\$ 889,358</u>

JAY 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.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 796,302
Buildings	13,941,218
Improvements other than buildings	20,346,623
Machinery, equipment, and vehicles	<u>8,259,580</u>
Total capital assets	<u>\$ 43,343,723</u>

JAY COUNTY  
OTHER REPORT

The annual report presented herein was prepared in addition to another official report prepared for the County Auditor.

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

TO: THE OFFICIALS OF JAY COUNTY, INDIANA

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

We have audited Jay County's (County) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2012. The County's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Basis for Qualified Opinion on Formula Grants for Other Than Urbanized Areas***

As described in item 2012-2 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding Subrecipient Monitoring that are applicable to its Formula Grants for Other Than Urbanized Areas. Compliance with such a requirement is necessary, in our opinion, for the County to comply with requirements applicable to that program.

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

***Qualified Opinion on Formula Grants for Other Than Urbanized Areas***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* paragraph, 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 Formula Grants for Other Than Urbanized Areas for the year ended December 31, 2012.

***Other Matters***

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

***Report on Internal Control Over Compliance***

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

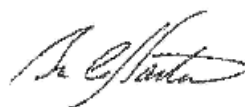
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses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

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

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

The County's response to the internal control over compliance finding 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

July 16, 2013

## 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.

JAY 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>Department of Housing and Urban Development</u>				
CDBG - State-Administered CDBG Cluster Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii Jay Co. JRDS Expense Project	Indiana Office of Community and Rural Affairs	14.228	CF-10-208	\$ 76,501
Total - CDBG - State-Administered CDBG Cluster				<u>76,501</u>
Total - Department of Housing and Urban Development				<u>76,501</u>
<u>Department of Justice</u>				
Crime Victim Assistance Victim Assistance	Indiana Criminal Justice Institute	16.575	11VAPR143	<u>21,907</u>
Total - Department of Justice				<u>21,907</u>
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster Highway Planning and Construction	Indiana Department of Transportation	20.205	0500719 0902197	9,627 <u>71,440</u>
Total - Highway Planning and Construction Cluster				<u>81,067</u>
Highway Safety Cluster State and Community Highway Safety Safety Belt Performance Grants	Indiana Criminal Justice Institute Indiana Criminal Justice Institute	20.600 20.609	K42012090307 OP11020106 OP12040204	2,500 120 <u>1,700</u>
Total - Safety Belt Performance Grants				<u>1,820</u>
Total - Highway Safety Cluster				<u>4,320</u>
Formula Grants for Other Than Urbanized Areas Rural Transportation	Indiana Department of Transportation	20.509	18028A440 180290440	168,697 <u>553,468</u>
Total - Formula Grants for Other Than Urbanized Areas				<u>722,165</u>
Total - Department of Transportation				<u>807,552</u>
<u>Department of Health and Human Services</u>				
Public Health Emergency Preparedness Bioterrorism Preparedness and Response	Indiana State Department of Health	93.069	BPRS 137-70	<u>10,010</u>
Child Support Enforcement County Incentive ARRA Incentive County Clerk's Expenditures County Prosecutor's Expenditures Indirect Costs	Indiana Department of Child Services	93.563	FY2012 FY2012 FY2012 FY2012 FY2012	1,748 5,025 53,774 53,948 <u>56,022</u>
Total - Child Support Enforcement				<u>170,517</u>
Total - Department of Health and Human Services				<u>180,527</u>
<u>Department of Homeland Security</u>				
Emergency Management Performance Grants	Indiana Department of Homeland Security	97.042	C44P-2-345A	<u>21,653</u>
Total - Department of Homeland Security				<u>21,653</u>
Total federal awards expended				<u>\$ 1,108,140</u>

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

JAY 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 Jay 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	<u>\$ 722,165</u>

JAY COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statement:

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

Federal Awards:

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

Identification of Major Program:

CFDA Number	Name of Federal Program or 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 - 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: incorrect amounts reported, program titles were incorrect, some programs were omitted, and some programs were included that should not have been. 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.

JAY COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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 11)

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 subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

JAY COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

**FINDING 2012-2 - SUBRECIPIENT MONITORING**

Federal Agency: Department of Transportation  
Federal Program: Formula Grants for Other Than Urbanized Areas  
CFDA Number: 20.509  
Federal Award Number: 18028A440 and 180290440  
Pass-Through Agency: Indiana Department of Transportation

The County did not properly monitor LifeStream Services, Inc., the County's subrecipient for this grant. County officials had not established a system of internal control to ensure that the County was in compliance with the requirements related to monitoring the subrecipient. As a result, none of the required monitoring was performed by the County.

Failure to adequately monitor the subrecipient could allow noncompliance with program requirements by the subrecipient to occur and not be discovered in a timely manner. Noncompliance with program requirements could jeopardize future funding or cause the grantor agencies to request a refund of grant monies already received.

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

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


- (2) Advise subrecipients of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the pass-through entity.
- (3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
- (4) Ensure that subrecipients expending \$300,000 (*\$500,000 for fiscal years ending after December 31, 2003*) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year. . . .
- (7) Require each subrecipient to permit the pass-through entity and auditors to have access to the records and financial statements as necessary for the pass-through entity to comply with this part."

49 CFR 18.40 Monitoring and Reporting Program Performance states:

"(a) Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity."

OMB Circular A-133 section.300 states in part: "The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

We recommended that County officials implement procedures and controls to ensure subrecipients are adequately monitored.



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nculy@co.jay.in.us

## **CORRECTIVE ACTION PLAN**

July 16, 2013

### Section II Financial Statement Findings

#### **FINDING 2012-1 – INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (SEFA)**

As discussed with the State Auditors, Jay County Auditor's office will be using the CFDA.Gov website to make sure that we have the correct names for Federal grants that pass through our office.

We will also institute that someone verifies and checks off the list of grants against the CFDA numbers before the Annual Report is submitted through the Gateway System of Indiana. The second deputy in charge of compiling the Annual Report shall print out the Federal schedule and the Auditor will verify that the CFDA numbers and titles for the grants are correct before final submission.

### Section III – Federal Award Findings and Questioned Costs.

#### FINDING 2012-2, SUBRECIPIENT MONITORING

Federal Agency: Department of Transportation

Federal Program: Formula Grants for Other Than Urbanized Areas

CFDA Number: 20:509

Federal Award Number: 18028A440 and 180290440

Pass-Through Agency: Indiana Department of Transportation

Jay County Auditor's office understands that we need to be more involved with the transportation grant that passes through our office. To make sure we are more involved we will not release any money to the organization, known as Life Stream Services, unless our county commissioners have signed the claim for INDOT to release funds.

The Auditor's Office will be requesting quarterly reports that show how many people have used the services, miles traveled, runs not taken, fuel information, and a detailed listing of all expenditures for the grant monies that are expended from the Jay County Auditor's Office. We will also be requiring all audits that are performed for Life Stream Services be sent to us for our records. We will require from Life Stream any corrective plan that needs to be done should there be a finding in their audits.

Page 2.

Jay County Auditor's office will maintain a checklist and calendar so the office is aware of when deadlines and disbursements are to be made from INDOT.

Respectfully Submitted this 16<sup>th</sup> day of July, 2013

A handwritten signature in black ink that reads "Nancy J Culy". The signature is written in a cursive style with a large, prominent initial "N".

Nancy J Culy  
Jay County Auditor

JAY COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 16, 2013, with Nancy J. Culy, Auditor; Milo M. Miller, Jr., President of the Board of County Commissioners; and Michael Leonhard, President of the County Council.