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

FINANCIAL STATEMENT AND

FEDERAL SINGLE AUDIT REPORT

OF

WASHINGTON COUNTY, INDIANA

January 1, 2012 to December 31, 2012

FILED
11/07/2013

TABLE OF CONTENTS

Description	Page
Schedule of Officials	2
Independent Auditor's Report	3-5
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	6-7
Financial Statement:	
Statement of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	10-11
Notes to Financial Statement	12-17
Supplementary Information - Unaudited:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis	20-37
Schedule of Payables	38
Schedule of Leases and Debt	39
Schedule of Capital Assets	40
Other Reports	41
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance	44-45
Schedule of Expenditures of Federal Awards	48
Notes to Schedule of Expenditures of Federal Awards	49
Schedule of Findings and Questioned Costs	50-52
Auditee Prepared Schedule:	
Corrective Action Plan	53
Exit Conference	54

SCHEDULE OF OFFICIALS

Office	Official	Term
Auditor	Sarah Bachman	01-01-11 to 12-31-14
Treasurer	Robert Woodward	01-01-09 to 12-31-16
Clerk	Shirley Batt	01-01-09 to 12-31-16
Sheriff	Claude C. Combs	01-01-11 to 12-31-14
Recorder	Kyra Stephenson	01-01-11 to 12-31-14
President of the Board of County Commissioners	David Brown	01-01-12 to 12-31-12
	John D. Fultz	01-01-13 to 12-31-13
President of the County Council	Benjamin Bowling	01-01-12 to 12-31-12
	David Hoar	01-01-13 to 12-31-13

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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF WASHINGTON COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of Washington 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.

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

Accompanying Information

Supplementary Information

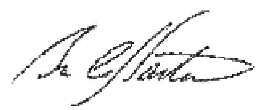
Our audit was conducted for the purpose of forming an opinion on the County's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was conducted for the purpose of forming an opinion on the County's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables, 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

October 30, 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 WASHINGTON 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 Washington 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 October 30, 2013, wherein we noted the County followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of

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)

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.

Washington County's Response to Findings

The County's response to the findings identified in our audit is described in the 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

October 30, 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.

WASHINGTON 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	$ 863,086	$ 6,957,568	$ 7,208,659	$ 611,995
Statewide 911	-	124,936	120,010	4,926
Highway	363,523	2,144,399	2,135,395	372,527
Local Road And Street	39,626	272,974	151,664	160,936
Accident Report	2,665	1,409	1,505	2,569
Firearms Training	46,821	13,030	4,301	55,550
Health	123,015	186,061	266,665	42,411
Alcohol & Drug	80,145	7,388	825	86,708
Housing Rehab Fund	-	80,278	80,278	-
County Law Enforcement Continuing Education	3,138	461	-	3,599
Clerks Perpetuation	32,183	8,481	952	39,712
Riverboat Revenue Fund	927,978	477,245	666,614	738,609
Enhanced 911	35,775	134,059	206,595	(36,761)
County Drug Free Community Fund	33,389	32,466	37,952	27,903
Local Emergency Planning & Right To Know	14,694	-	1,061	13,633
Parks and Recreation	(55,727)	-	-	(55,727)
Prosecutor IV-D Incentive	34,026	16,457	12,121	38,362
Probation Users Fee Juvenile	9,886	4,318	2,790	11,414
Probation User Fees Adult	116,582	125,832	78,820	163,594
Recorders Perpetuation	72,421	43,265	65,582	50,104
Local Health Maintenance	64,021	32,672	44,369	52,324
Gal/Casa State Fund	27,209	-	1,734	25,475
Plat Book Maintenance	-	1,360	-	1,360
Supplemental Public Defender	40,360	18,228	15,410	43,178
Clerk IV-D Incentive	68,837	10,933	14,662	65,108
Surveyors Corner Perpetuation	10,874	5,790	1,080	15,584
Jury Pay Fund	14,690	1,835	-	16,525
Rainy Day	82,734	602	44,633	38,703
County Economic Development Income Tax	202,731	810,297	707,071	305,957
Child Advocacy	25	400	425	-
Sheriff Sale Fund	14,998	12,500	12,600	14,898
Identification Security Prote	35,657	2,469	-	38,126
Wireless 911	-	61,922	49,516	12,406
TIF District	116,730	-	116,730	-
County Offender Transportation	38	125	-	163
2015 Reassessment	180,670	382,974	263,313	300,331
ARRA Prosecutor IV-D Incentive	3,706	-	-	3,706
Cumulative Capital Development	90,120	198,036	189,745	98,411
Cumulative Bridge	231,193	471,025	528,068	174,150
Cumulative Jail	390,799	100,604	77,540	413,863
City & Town Court Cost	12,043	6,285	17,245	1,083
Coroner Fund	6,500	2,542	2,925	6,117
Washington County Clerk	859,972	2,242,451	2,250,805	851,618
Weed Lien Collections	-	1,595	1,595	-
Surplus Tax Land Sale	200,481	329,378	168,515	361,344
Tax Sale Redemption	(451)	42,336	41,885	-
Surplus Tax Fund/Overpayment	43,282	34,787	38,017	40,052
State Fines and Forfeitures	-	165	165	-
Sales Disclosure Fee	363	3,235	3,160	438
Delinquent Sewer Assessment	-	3,264	3,264	-
Infraction Judgements	1,788	18,361	18,753	1,396
Inheritance Tax	17,602	629,676	624,740	22,538
Special Death Benefit	-	1,430	1,430	-
Education Plate Fee Fund	713	675	1,388	-
CEDIT	23,336	1,020,111	1,019,083	24,364
Inn Keepers Tax	2,016	8,757	7,993	2,780
Financial Institution Tax Fund	-	74,060	74,060	-
Mortgage Fee Fund	228	2,893	2,853	268
Commercial Vehicle Excise Tax	-	119,390	119,390	-
CFDA 14.228 Blue River-Salem	-	370,501	370,501	-
Washington EDA-Industrial Park	-	158,066	1,227	156,839

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

WASHINGTON 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
Salem Allocation Area #1	-	8,527	8,527	-
Airport/Speedway	-	2,874	-	2,874
Tornado Recovery	-	205,935	205,935	-
Law Enforcement Special Equipment	-	4,000	4,000	-
93.563 County IV-D Incentive	-	108,754	29,821	78,933
Blue River Fire District Grant	-	12,281	-	12,281
Immunization Clinic Donation	8,266	37,741	41,302	4,705
Public Health Coordinator Grant	2,910	-	-	2,910
Community Correction Grant	-	567,603	567,603	-
Property Reassessment	13,968	-	-	13,968
Comm Corr Home Detention	61,883	74,113	73,671	62,325
Drug Free Community	147	-	-	147
SHSP Grant	1,360	-	-	1,360
Community Service Restitution	24,745	18,585	10,771	32,559
Community Transition Program	-	20,202	20,202	-
Tobacco Master Settlement	29,761	19,066	28,530	20,297
Bioterrorism/Health Fund	162	-	140	22
Park Non-Reverting Fund (Concessions)	(140,223)	261,276	196,863	(75,810)
State Welfare Excise Allocation	-	745,682	745,682	-
Riverboat Wage Revenue Share	81,483	167,422	237,525	11,380
Hava Voting Machine Title III	7,926	5,000	3,443	9,483
Community Emergency Response Team Sub-Grant	835	-	-	835
County Correctional Fund	(33,204)	120,550	22,967	64,379
Washington County Plan Commission	14,847	-	-	14,847
Adult Protective Service (Apsu)	(11,809)	87,409	88,213	(12,613)
State Coroners Cont. Education	158	1,827	1,855	130
Adult Offender Interstate Comp	91	2,264	2,330	25
Probation Administration Fee	6,363	19,574	-	25,937
Prosecutor Special Fee (Bad Check)	-	5,074	-	5,074
Law Enforcement Cont. Education	26,270	3,512	1,516	28,266
Marijuana	9,643	4,762	-	14,405
Pre-Trial Prosecutor	628	20,512	16,869	4,271
Sherriff's Repeater Tower Fund	39,613	10,552	2,430	47,735
Build Washington County	4,133	-	-	4,133
Prosecutor PCA 93.563	2,767	5,141	4,254	3,654
Insurance Nonreverting	26,335	1,593,715	1,618,322	1,728
Lease Rental	38,408	251,693	207,000	83,101
Urine Screen Test	44,229	10,882	24,243	30,868
Investigation Fund-Sheriff	108,535	11,444	27,470	92,509
Cumulative Park & Recreation	144,871	50,594	78,511	116,954
Rodman Cemetery Donation	(484)	484	-	-
Hebron Cemetery Donation	1,772	-	-	1,772
R & F Motsinger Mahuron Estate	1,587	-	484	1,103
Standish Cemetery	2,471	-	-	2,471
Nancy J. Morris Fund	8,956	-	-	8,956
Riley Trust Fund	31,975	-	-	31,975
Inventory Homestead Credit	15,800	1,019,734	857,082	178,452
Local Option	-	3,909,859	3,909,808	51
County Treasurer	265,554	300,202	265,554	300,202
Payroll	105,760	2,095,446	2,199,632	1,574
State's Share Of Delinquent Tax	-	106	106	-
Tax Settlement Fund	1,557	19,602,447	19,604,004	-
PDIF	1,896	15,000	12,906	3,990
Wash County Prosecutor Investigation	5,325	17,212	15,000	7,537
Park & Recreation Sales Tax	3,700	7,626	7,879	3,447
Hea 1001-2008 Homestead Credit	2,091	-	-	2,091
Commissary Fund	49,895	153,444	153,264	50,075
Inmate Trust	9,172	33,961	31,582	11,551
Totals	$ 6,508,619	$ 49,426,444	$ 49,204,975	$ 6,730,088

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 Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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

C. Cash and Investments

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

D. Receipts

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

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

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

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 statement.

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of either department heads and officials approving disbursements in excess of available cash or grant funds being expended prior to being reimbursed.

Note 9. Subsequent Events

A lease agreement was approved with Washington County Building Corporation in May 2013. The purpose of the lease agreement is to pay for renovation and expansion of the County jail facility. The Building Corporation issued bonds in the amount of $12,000,000 on April 30, 2013. Lease rental payments to the Building Corporation are to be paid each January 15 and July 15. Interim lease rental payments will be made on July 15, 2014, and January 15, 2015. The first full-lease rental payment will begin on the day the project is completed and ready for occupancy or July 15, 2015, whichever is later.

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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.

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

	County General	Statewide 911	Highway	Local Road And Street	Accident Report	Firearms Training	Health
Cash and investments - beginning	$ 863,086	$ -	$ 363,523	$ 39,626	$ 2,665	$ 46,821	$ 123,015
Receipts:							
Taxes	5,261,557	-	-	-	-	-	146,425
Licenses and permits	13,506	-	-	-	-	13,030	-
Intergovernmental	774,536	-	2,088,202	272,974	-	-	15,863
Charges for services	748,471	124,936	-	-	1,409	-	23,773
Fines and forfeits	92,421	-	-	-	-	-	-
Other receipts	67,077	-	56,197	-	-	-	-
Total receipts	6,957,568	124,936	2,144,399	272,974	1,409	13,030	186,061
Disbursements:							
Personal services	4,734,495	84,474	1,135,483	-	-	-	247,104
Supplies	359,667	-	618,260	-	-	-	5,155
Other services and charges	2,018,306	24,927	169,515	-	1,505	4,301	14,118
Capital outlay	96,191	-	212,137	151,664	-	-	288
Other disbursements	-	10,609	-	-	-	-	-
Total disbursements	7,208,659	120,010	2,135,395	151,664	1,505	4,301	266,665
Excess (deficiency) of receipts over disbursements	(251,091)	4,926	9,004	121,310	(96)	8,729	(80,604)
Cash and investments - ending	$ 611,995	$ 4,926	$ 372,527	$ 160,936	$ 2,569	$ 55,550	$ 42,411

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

	Alcohol & Drug	Housing Rehab Fund	County Law Enforcement Continuing Education	Clerks Perpetuation	Riverboat Revenue Fund	Enhanced 911	County Drug Free Community Fund
Cash and investments - beginning	$ 80,145	$ -	$ 3,138	$ 32,183	$ 927,978	$ 35,775	$ 33,389
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	80,278	-	-	477,245	-	-
Charges for services	-	-	461	-	-	134,059	-
Fines and forfeits	7,388	-	-	8,481	-	-	32,466
Other receipts	-	-	-	-	-	-	-
Total receipts	7,388	80,278	461	8,481	477,245	134,059	32,466
Disbursements:							
Personal services	-	-	-	-	-	155,720	-
Supplies	-	-	-	-	-	-	-
Other services and charges	400	-	-	-	-	50,875	30,686
Capital outlay	-	-	-	-	666,614	-	-
Other disbursements	425	80,278	-	952	-	-	7,266
Total disbursements	825	80,278	-	952	666,614	206,595	37,952
Excess (deficiency) of receipts over disbursements	6,563	-	461	7,529	(189,369)	(72,536)	(5,486)
Cash and investments - ending	$ 86,708	$ -	$ 3,599	$ 39,712	$ 738,609	$ (36,761)	$ 27,903

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

	Local Emergency Planning & Right To Know	Parks and Recreation	Prosecutor IV-D Incentive	Probation Users Fee Juvenile	Probation User Fees Adult	Recorders Perpetuation	Local Health Maintenance
Cash and investments - beginning	$ 14,694	$ (55,727)	$ 34,026	$ 9,886	$ 116,582	$ 72,421	$ 64,021
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	16,457	-	-	-	32,672
Charges for services	-	-	-	-	-	43,265	-
Fines and forfeits	-	-	-	4,318	125,724	-	-
Other receipts	-	-	-	-	108	-	-
Total receipts	-	-	16,457	4,318	125,832	43,265	32,672
Disbursements:							
Personal services	-	-	-	-	78,820	-	34,686
Supplies	565	-	-	640	-	-	8,069
Other services and charges	496	-	-	2,150	-	-	1,614
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	12,121	-	-	65,582	-
Total disbursements	1,061	-	12,121	2,790	78,820	65,582	44,369
Excess (deficiency) of receipts over disbursements	(1,061)	-	4,336	1,528	47,012	(22,317)	(11,697)
Cash and investments - ending	$ 13,633	$ (55,727)	$ 38,362	$ 11,414	$ 163,594	$ 50,104	$ 52,324

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

	Gal/Casa State Fund	Plat Book Maintenance	Supplemental Public Defender	Clerk IV-D Incentive	Surveyors Corner Perpetuation	Jury Pay Fund	Rainy Day
Cash and investments - beginning	$ 27,209	$ -	$ 40,360	$ 68,837	$ 10,874	$ 14,690	$ 82,734
Receipts:							
Taxes	-	-	-	-	-	-	602
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	10,933	-	-	-
Charges for services	-	1,360	-	-	5,790	-	-
Fines and forfeits	-	-	18,228	-	-	1,835	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	1,360	18,228	10,933	5,790	1,835	602
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	1,734	-	-	-	-	-	7,808
Capital outlay	-	-	-	-	-	-	36,825
Other disbursements	-	-	15,410	14,662	1,080	-	-
Total disbursements	1,734	-	15,410	14,662	1,080	-	44,633
Excess (deficiency) of receipts over disbursements	(1,734)	1,360	2,818	(3,729)	4,710	1,835	(44,031)
Cash and investments - ending	$ 25,475	$ 1,360	$ 43,178	$ 65,108	$ 15,584	$ 16,525	$ 38,703

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

	County Economic Development Income Tax	Child Advocacy	Sheriff Sale Fund	Identification Security Prote	Wireless 911	TIF District	County Offender Transportation
Cash and investments - beginning	$ 202,731	$ 25	$ 14,998	$ 35,657	$ -	$ 116,730	$ 38
Receipts:							
Taxes	810,297	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	12,500	2,469	61,922	-	-
Fines and forfeits	-	400	-	-	-	-	125
Other receipts	-	-	-	-	-	-	-
Total receipts	810,297	400	12,500	2,469	61,922	-	125
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	245,558	-	12,600	-	-	-	-
Capital outlay	461,513	-	-	-	-	-	-
Other disbursements	-	425	-	-	49,516	116,730	-
Total disbursements	707,071	425	12,600	-	49,516	116,730	-
Excess (deficiency) of receipts over disbursements	103,226	(25)	(100)	2,469	12,406	(116,730)	125
Cash and investments - ending	$ 305,957	$ -	$ 14,898	$ 38,126	$ 12,406	$ -	$ 163

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

	2015 Reassessment	ARRA Prosecutor IV-D Incentive	Cumulative Capital Development	Cumulative Bridge	Cumulative Jail	City & Town Court Cost	Coroner Fund
Cash and investments - beginning	$ 180,670	$ 3,706	$ 90,120	$ 231,193	$ 390,799	$ 12,043	$ 6,500
Receipts:							
Taxes	345,458	-	133,273	306,879	87,680	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	37,426	-	14,439	33,247	9,499	-	-
Charges for services	-	-	-	30,899	-	-	2,542
Fines and forfeits	-	-	-	-	-	6,285	-
Other receipts	90	-	50,324	100,000	3,425	-	-
Total receipts	382,974	-	198,036	471,025	100,604	6,285	2,542
Disbursements:							
Personal services	137,728	-	-	-	-	-	-
Supplies	16,889	-	-	-	-	-	-
Other services and charges	108,696	-	23,626	-	77,540	-	2,925
Capital outlay	-	-	166,119	428,068	-	-	-
Other disbursements	-	-	-	100,000	-	17,245	-
Total disbursements	263,313	-	189,745	528,068	77,540	17,245	2,925
Excess (deficiency) of receipts over disbursements	119,661	-	8,291	(57,043)	23,064	(10,960)	(383)
Cash and investments - ending	$ 300,331	$ 3,706	$ 98,411	$ 174,150	$ 413,863	$ 1,083	$ 6,117

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

	Washington County Clerk	Weed Lien Collections	Surplus Tax Land Sale	Tax Sale Redemption	Surplus Tax Fund/Overpayment	State Fines and Forfeitures	Sales Disclosure Fee
Cash and investments - beginning	$ 859,972	$ -	$ 200,481	$ (451)	$ 43,282	$ -	$ 363
Receipts:							
Taxes	-	-	-	-	34,787	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	2,242,451	1,595	-	-	-	-	3,235
Fines and forfeits	-	-	-	-	-	165	-
Other receipts	-	-	329,378	42,336	-	-	-
Total receipts	2,242,451	1,595	329,378	42,336	34,787	165	3,235
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	2,250,805	1,595	168,515	41,885	38,017	165	3,160
Total disbursements	2,250,805	1,595	168,515	41,885	38,017	165	3,160
Excess (deficiency) of receipts over disbursements	(8,354)	-	160,863	451	(3,230)	-	75
Cash and investments - ending	$ 851,618	$ -	$ 361,344	$ -	$ 40,052	$ -	$ 438

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

	Delinquent Sewer Assessment	Infraction Judgements	Inheritance Tax	Special Death Benefit	Education Plate Fee Fund	CEDIT	Inn Keepers Tax
Cash and investments - beginning	$ -	$ 1,788	$ 17,602	$ -	$ 713	$ 23,336	$ 2,016
Receipts:							
Taxes	3,264	-	-	-	675	1,020,111	8,757
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	629,676	-	-	-	-
Charges for services	-	-	-	1,430	-	-	-
Fines and forfeits	-	18,361	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	3,264	18,361	629,676	1,430	675	1,020,111	8,757
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	3,264	18,753	624,740	1,430	1,388	1,019,083	7,993
Total disbursements	3,264	18,753	624,740	1,430	1,388	1,019,083	7,993
Excess (deficiency) of receipts over disbursements	-	(392)	4,936	-	(713)	1,028	764
Cash and investments - ending	$ -	$ 1,396	$ 22,538	$ -	$ -	$ 24,364	$ 2,780

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

	Financial Institution Tax Fund	Mortgage Fee Fund	Commercial Vehicle Excise Tax	CFDA 14.228 Blue River-Salem	Washington EDA-Industrial Park	Salem Allocation Area #1	Airport/Speedway
Cash and investments - beginning	$ -	$ 228	$ -	$ -	$ -	$ -	$ -
Receipts:							
Taxes	-	-	-	-	158,066	8,527	2,874
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	74,060	-	119,390	370,501	-	-	-
Charges for services	-	2,893	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	74,060	2,893	119,390	370,501	158,066	8,527	2,874
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	1,227	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	74,060	2,853	119,390	370,501	-	8,527	-
Total disbursements	74,060	2,853	119,390	370,501	1,227	8,527	-
Excess (deficiency) of receipts over disbursements	-	40	-	-	156,839	-	2,874
Cash and investments - ending	$ -	$ 268	$ -	$ -	$ 156,839	$ -	$ 2,874

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

	Tornado Recovery	Law Enforcement Special Equipment	93.563 County IV-D Incentive	Blue River Fire District Grant	Immunization Clinic Donation	Public Health Coordinator Grant	Community Correction Grant
Cash and investments - beginning	$ -	$ -	$ -	$ -	$ 8,266	$ 2,910	$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	185,935	4,000	108,754	12,281	-	-	567,603
Charges for services	-	-	-	-	37,741	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	20,000	-	-	-	-	-	-
Total receipts	205,935	4,000	108,754	12,281	37,741	-	567,603
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	41,302	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	205,935	-	-	-	-	-	-
Other disbursements	-	4,000	29,821	-	-	-	567,603
Total disbursements	205,935	4,000	29,821	-	41,302	-	567,603
Excess (deficiency) of receipts over disbursements	-	-	78,933	12,281	(3,561)	-	-
Cash and investments - ending	$ -	$ -	$ 78,933	$ 12,281	$ 4,705	$ 2,910	$ -

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

	Property Reassessment	Comm Corr Home Detention	Drug Free Community	SHSP Grant	Community Service Restitution	Community Transition Program	Tobacco Master Settlement
Cash and investments - beginning	$ 13,968	$ 61,883	$ 147	$ 1,360	$ 24,745	$ -	$ 29,761
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	20,202	19,066
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	73,688	-	-	18,585	-	-
Other receipts	-	425	-	-	-	-	-
Total receipts	-	74,113	-	-	18,585	20,202	19,066
Disbursements:							
Personal services	-	44,685	-	-	-	-	-
Supplies	-	-	-	-	-	-	28,530
Other services and charges	-	28,986	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	10,771	20,202	-
Total disbursements	-	73,671	-	-	10,771	20,202	28,530
Excess (deficiency) of receipts over disbursements	-	442	-	-	7,814	-	(9,464)
Cash and investments - ending	$ 13,968	$ 62,325	$ 147	$ 1,360	$ 32,559	$ -	$ 20,297

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

	Bioterrorism/Health Fund	Park Non-Reverting Fund (Concessions)	State Welfare Excise Allocation	Riverboat Wage Revenue Share	Hava Voting Machine Title III	Community Emergency Response Team Sub-Grant	County Correctional Fund
Cash and investments - beginning	$ 162	$ (140,223)	$ -	$ 81,483	$ 7,926	$ 835	$ (33,204)
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	745,682	167,422	5,000	-	31,550
Charges for services	-	261,276	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	89,000
Total receipts	-	261,276	745,682	167,422	5,000	-	120,550
Disbursements:							
Personal services	-	79,776	-	-	-	-	-
Supplies	-	40,459	-	-	-	-	-
Other services and charges	-	61,945	-	-	-	-	-
Capital outlay	-	14,683	-	-	3,443	-	22,967
Other disbursements	140	-	745,682	237,525	-	-	-
Total disbursements	140	196,863	745,682	237,525	3,443	-	22,967
Excess (deficiency) of receipts over disbursements	(140)	64,413	-	(70,103)	1,557	-	97,583
Cash and investments - ending	$ 22	$ (75,810)	$ -	$ 11,380	$ 9,483	$ 835	$ 64,379

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

	Washington County Plan Commission	Adult Protective Service (Apsu)	State Coroners Cont. Education	Adult Offender Interstate Comp	Probation Administration Fee	Prosecutor Special Fee (Bad Check)
Cash and investments - beginning	$ 14,847	$ (11,809)	$ 158	$ 91	$ 6,363	$ -
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	1,827	-	-	-
Intergovernmental	-	87,409	-	-	-	-
Charges for services	-	-	-	-	-	5,074
Fines and forfeits	-	-	-	2,264	19,574	-
Other receipts	-	-	-	-	-	-
Total receipts	-	87,409	1,827	2,264	19,574	5,074
Disbursements:						
Personal services	-	71,285	-	-	-	-
Supplies	-	1,019	-	-	-	-
Other services and charges	-	15,909	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	1,855	2,330	-	-
Total disbursements	-	88,213	1,855	2,330	-	-
Excess (deficiency) of receipts over disbursements	-	(804)	(28)	(66)	19,574	5,074
Cash and investments - ending	$ 14,847	$ (12,613)	$ 130	$ 25	$ 25,937	$ 5,074

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

	Law Enforcement Cont. Education	Marijuana	Pre-Trial Prosecutor	Sherriff's Repeater Tower Fund	Build Washington County	Prosecutor PCA 93.563
Cash and investments - beginning	$ 26,270	$ 9,643	$ 628	$ 39,613	$ 4,133	$ 2,767
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	5,141
Charges for services	-	-	-	10,552	-	-
Fines and forfeits	3,512	4,762	20,512	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	3,512	4,762	20,512	10,552	-	5,141
Disbursements:						
Personal services	-	-	5,000	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	11,869	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	1,516	-	-	2,430	-	4,254
Total disbursements	1,516	-	16,869	2,430	-	4,254
Excess (deficiency) of receipts over disbursements	1,996	4,762	3,643	8,122	-	887
Cash and investments - ending	$ 28,266	$ 14,405	$ 4,271	$ 47,735	$ 4,133	$ 3,654

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

	Insurance Nonreverting	Lease Rental	Urine Screen Test	Investigation Fund-Sheriff	Cumulative Park & Recreation	Rodman Cemetery Donation
Cash and investments - beginning	$ 26,335	$ 38,408	$ 44,229	$ 108,535	$ 144,871	$ (484)
Receipts:						
Taxes	-	227,090	-	-	43,840	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	24,603	-	-	4,750	-
Charges for services	-	-	-	-	2,004	-
Fines and forfeits	-	-	10,882	-	-	-
Other receipts	1,593,715	-	-	11,444	-	484
Total receipts	1,593,715	251,693	10,882	11,444	50,594	484
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	24,243	-	-	-
Capital outlay	-	207,000	-	-	78,511	-
Other disbursements	1,618,322	-	-	27,470	-	-
Total disbursements	1,618,322	207,000	24,243	27,470	78,511	-
Excess (deficiency) of receipts over disbursements	(24,607)	44,693	(13,361)	(16,026)	(27,917)	484
Cash and investments - ending	$ 1,728	$ 83,101	$ 30,868	$ 92,509	$ 116,954	$ -

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

	Hebron Cemetery Donation	R & F Motsinger Mahuron Estate	Standish Cemetery	Nancy J. Morris Fund	Riley Trust Fund	Inventory Homestead Credit
Cash and investments - beginning	$ 1,772	$ 1,587	$ 2,471	$ 8,956	$ 31,975	$ 15,800
Receipts:						
Taxes	-	-	-	-	-	1,019,734
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	-	-	-	-	-	1,019,734
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	484	-	-	-	857,082
Total disbursements	-	484	-	-	-	857,082
Excess (deficiency) of receipts over disbursements	-	(484)	-	-	-	162,652
Cash and investments - ending	$ 1,772	$ 1,103	$ 2,471	$ 8,956	$ 31,975	$ 178,452

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

	Local Option	County Treasurer	Payroll	State's Share Of Delinquent Tax	Tax Settlement Fund	PDIF
Cash and investments - beginning	$ -	$ 265,554	$ 105,760	$ -	$ 1,557	$ 1,896
Receipts:						
Taxes	2,932,394	-	-	106	19,602,447	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	977,465	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	300,202	2,095,446	-	-	15,000
Total receipts	3,909,859	300,202	2,095,446	106	19,602,447	15,000
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	12,906
Capital outlay	-	-	-	-	-	-
Other disbursements	3,909,808	265,554	2,199,632	106	19,604,004	-
Total disbursements	3,909,808	265,554	2,199,632	106	19,604,004	12,906
Excess (deficiency) of receipts over disbursements	51	34,648	(104,186)	-	(1,557)	2,094
Cash and investments - ending	$ 51	$ 300,202	$ 1,574	$ -	$ -	$ 3,990

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

	Wash County Prosecutor Investigation	Park & Recreation Sales Tax	Hea 1001-2008 Homestead Credit	Commissary Fund	Inmate Trust	Totals
Cash and investments - beginning	$ 5,325	$ 3,700	$ 2,091	$ 49,895	$ 9,172	$ 6,508,619
Receipts:						
Taxes	-	7,626	-	-	-	32,162,469
Licenses and permits	-	-	-	-	-	28,363
Intergovernmental	-	-	-	-	-	8,024,261
Charges for services	17,212	-	-	-	-	3,779,319
Fines and forfeits	-	-	-	-	-	469,976
Other receipts	-	-	-	153,444	33,961	4,962,056
Total receipts	17,212	7,626	-	153,444	33,961	49,426,444
Disbursements:						
Personal services	-	-	-	-	-	6,809,256
Supplies	-	-	-	-	-	1,120,555
Other services and charges	-	-	-	-	-	2,956,465
Capital outlay	-	-	-	-	-	2,751,958
Other disbursements	15,000	7,879	-	153,264	31,582	35,566,741
Total disbursements	15,000	7,879	-	153,264	31,582	49,204,975
Excess (deficiency) of receipts over disbursements	2,212	(253)	-	180	2,379	221,469
Cash and investments - ending	$ 7,537	$ 3,447	$ 2,091	$ 50,075	$ 11,551	$ 6,730,088

WASHINGTON COUNTY
SCHEDULE OF PAYABLES
December 31, 2012

Government or Enterprise	Accounts Payable
Governmental activities	$ 415,801

WASHINGTON COUNTY
SCHEDULE OF LEASES AND DEBT
December 31, 2012

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Critical Care Access/WCMH	Modernization of County Hospital	$ 207,000	07-25-96	07-25-16
Total of annual lease payments		$ 207,000		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
Notes and loans payable	County Phone System	$ 123,771	$ 40,000
Notes and loans payable	Road Grader	21,912	15,306
Notes and loans payable	Williams Building	86,777	36,918
Notes and loans payable	2008 Dump Truck	13,447	13,680
Notes and loans payable	Golf Carts	6,251	3,450
Notes and loans payable	Highway Equipment	53,009	27,828
Notes and loans payable	Highway Equipment	115,356	59,928
Notes and loans payable	2008 Ambulance	44,362	45,661
Notes and loans payable	Sheriff Chevy Tahoes	5,470	5,502
Notes and loans payable	2012 Chevrolet Silverado	15,002	7,760
Total governmental activities		485,357	256,033
Totals		$ 485,357	$ 256,033

WASHINGTON 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	$ 944,994
Infrastructure	22,722,004
Buildings	16,376,939
Improvements other than buildings	3,440,208
Machinery, equipment, and vehicles	5,631,372
Total governmental activities	49,115,517
Total capital assets	$ 49,115,517

WASHINGTON COUNTY
OTHER REPORTS

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

County Auditor
County Sheriff

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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 WASHINGTON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

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

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

October 30, 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.

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
Department of Agriculture				
Emergency Watershed Protection Program	Direct grant			
Tornado Recovery		10.923	DSR-WS001	$ 185,935
Total - Department of Agriculture				185,935
Department of Housing and Urban Development				
CDBG - State-Administered CDBG Cluster				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Indiana Office of Community and Rural Affairs			
Blue River Services-Salem Facility		14.228	CF-10-223	370,501
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Indiana Housing and Community Development Authority			
Housing Rehabilitation		14.228	HD-011-013	80,278
Total - CDBG - State-Administered CDBG Cluster				450,779
Total - Department of Housing and Urban Development				450,779
Department of Justice				
Equitable Sharing Program	Direct grant			
Equitable Sharing Program		16.922		40,374
Total - Department of Justice				40,374
Department of Transportation				
Highway Planning and Construction Cluster				
Highway Planning and Construction	Indiana Department of Transportation			
Bridge Inspection		20.205	DES#1005432	17,830
Total - Highway Planning and Construction Cluster				17,830
Total - Department of Transportation				17,830
Department of Health and Human Services				
Child Support Enforcement	Indiana Department of Child Services			
Child Support Enforcement		93.563	Child Support	187,020
Voting Access for Individuals with Disabilities - Grants to States	Indiana Election Office			
HAVA Grant		93.617		3,443
Total - Department of Health and Human Services				190,463
Department of Homeland Security				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Indiana Department of Homeland Security			
Tornado Recovery		97.036	DR-4058	151,764
Emergency Management Performance Grants	Indiana Department of Homeland Security			
Emergency Management/Salary		97.042		21,873
Total - Department of Homeland Security				173,637
Total federal awards expended				$ 1,059,018

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

WASHINGTON 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 Washington 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
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	$ 80,278

Section I – Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
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
	CDBG – State-Administered CDBG Cluster
10.923	Emergency Watershed Protection Program

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 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:

1. Some federal programs were not reported.

2. The pass-through entity and identifying number assigned by the pass-through entity for some federal programs were not always included or were incorrect.

3. The amounts reported for federal awards expended for some individual federal programs were not correct.

4. The federal awards reported for some individual federal programs did not include the CFDA number.

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 statements.

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)

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 in part:

"<u>Schedule of expenditures of Federal awards</u>. 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."

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

WASHINGTON COUNTY AUDITORS OFFICE

SARAH BACHMAN

AUDITOR WASHINGTON COUNTY
SALEM, INDIANA 47167

October 3, 2013

State Board of Accounts
302 W Washington Street, Room E418
Indianapolis, IN 46204

RE: Corrective Action plan for Finding 2012-1

Dear Sirs,

I have been delivered a copy of the Finding 2012-1/Internal Controls over the schedule of Expenditures of Federal Rewards during our 2012 audit.

With the auditors instruction I, Sarah Bachman, County Auditor, have made corrections to the 2012 annual report previously submitted to your office via Gateway. All entries now have proper CFDA numbers and proper dollar amounts.

We are also developing new procedures and controls to alleviate such problems so that we may accurately report federal rewards for 2013 SEFA.

Sincerely,

Sarah Bachman

Sarah Bachman
Washington County Auditor

Sarah Bachman, Auditor
99 Public Square
Suite 103
Salem, Indiana 47167

Phone: 812-883-4805
Fax: 812-883-7320
E-mail: .sbachman@washingtoncounty.in.gov

WASHINGTON COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 30, 2013, with Sarah Bachman, Auditor; John D. Fultz, President of the Board of County Commissioners; and David Hoar, President of the County Council.