

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF
UNION COUNTY, INDIANA
January 1, 2013 to December 31, 2013



FILED
09/30/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Gene Sanford	01-01-11 to 12-31-14
Treasurer	Bonnie Adams	01-01-13 to 12-31-16
Clerk	Susan Ray	01-01-11 to 12-31-14
Sheriff	Gary Cantrell	01-0-1-11 to 12-31-14
Recorder	Linda Rosenberger	01-01-11 to 12-31-14
President of the Board of County Commissioners	Paul Wiwi	01-01-13 to 12-31-14
President of the County Council	Alan Alcorn	01-01-13 to 12-31-14



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF UNION COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of Union County (County), which comprises the financial position and results of operations for the year ended December 31, 2013, 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, 2013.

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, 2013, 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 September 8, 2014, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.


Accompanying Information

Supplementary Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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


Paul D. Joyce, CPA
State Examiner

September 8, 2014



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

TO: THE OFFICIALS OF UNION COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of Union County (County), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement, and have issued our report thereon dated September 8, 2014, 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 2013-001 to be a 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Union County County's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

September 8, 2014

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the County. The financial statement and notes are presented as intended by the County.

UNION COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2013

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
County General	\$ 771,455	\$ 1,897,638	\$ 2,102,239	\$ 566,854
Accident Report	236	90	-	326
Courthouse Special Cagit	733,981	295,898	198,465	831,414
Cagit County Certified Shares	43,101	553,809	448,731	148,179
County Edit	144,290	221,202	264,734	100,758
City & Towns Court Costs	4,549	3,938	4,549	3,938
Clerks Perpetuation	31,983	3,284	-	35,267
Community Correction Grant	18,690	116,362	117,112	17,940
Comm Trans Program	1,530	2,915	-	4,445
Congressional School Interest	19,057	204	1,018	18,243
Congressional School Principal	27,117	68	68	27,117
Sales Disc County Share	2,530	1,340	-	3,870
Cumulative Bridge	652,381	301,442	216,087	737,736
4-H Building Maintenance	-	11,396	6,361	5,035
Cumulative Capital Development	143,491	64,302	126,196	81,597
Cdfcf Community Drug Free	42,931	14,987	6,484	51,434
Emergency Plan & Right To Know	21,680	13,764	15,669	19,775
Co Recorders En Access Fund	538	440	-	978
Firearms Training	10,665	4,670	6,227	9,108
Drain Improvement	10,700	-	-	10,700
Health	97,392	144,426	158,388	83,430
Rec Identity Security Protection	14,062	1,059	494	14,627
Excess Levy Fund	5,409	-	5,409	-
Local Health Maintenance I	15,284	46,537	47,493	14,328
Local Road & Street	71,913	71,562	56,829	86,646
Misdemeanor Co. Correction	13,848	5,152	10,634	8,366
Highway	324,465	1,097,193	1,168,556	253,102
Plat Book	15,049	2,646	5,989	11,706
County Rainy Day Fund	825,836	9,214	3,784	831,266
Cum Reassessment 2006	52,317	-	52,317	-
Cum Reassessment 2015	125,309	113,437	30,736	208,010
County Riverboat Wagering	30,936	27,884	29,167	29,653
Violent Crimes Victims	-	50	50	-
Sheriff Pension Holding	391	3,763	3,924	230
Supplement Public Defender	31,949	39,590	40,920	30,619
Surplus Tax	11,537	8,587	6,920	13,204
Surveyor Corner Perpetuation	4,065	2,710	2,813	3,962
Tax Sale Fund	-	7,035	2,539	4,496
Tax Sale Redemption	6,648	49,925	56,573	-
Tax Sale Surplus	58,853	85,769	72,729	71,893
Local Health Maintenance Iii	14,866	6,206	14,853	6,219
Guardian At-Litem Casa	11,520	2,714	2,714	11,520
Election	55,619	-	5,335	50,284
Auditors Ineligible Deductions	3,784	-	3,475	309
Ceot	1,303	963	210	2,056
Parks & Recreation	38,385	13,559	1,183	50,761
County Offender Trans	813	68	-	881
State 911 Fund	54,148	139,365	120,566	72,947
Probation Administrative Fees	222	4,175	-	4,397
Juvenile Probation Administrative	6,011	2,215	108	8,118
Supplemental Adult Probation Services	28,049	26,016	2,402	51,663
Juvenile Intake Center	363	450	241	572
User Fund	46,864	30,952	25,468	52,348
Drain Maintenance	127,072	43,968	82,547	88,493
Isdh Primary Health Care	-	1,510	27,597	(26,087)
Health Insurance	4,771	456,674	459,059	2,386
In Sheriff 457 (B) Plan	-	5,908	5,908	-
Federal Withholding Taxes	-	173,807	173,807	-
Social Security/ Medicare	-	285,409	285,409	-

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

UNION COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2013
(Continued)

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
Cagit	2,042	27,125	27,056	2,111
Perf	-	172,109	172,109	-
Sheriff Pension	-	11,573	11,573	-
State Withholding Taxes	4,841	65,292	64,835	5,298
Garnishment	-	16,460	16,460	-
Settlement Fund	-	5,187,676	5,187,676	-
Lohut	74,962	208,850	216,887	66,925
Excise Wheel Tax	280	55,153	55,433	-
Surtax	-	182,126	182,126	-
Commerical Vehicle Excise Tax	-	28,655	28,655	-
Final Exice Tax Cut Replacement Due State	-	223,900	223,900	-
Sewer Collections	-	39,174	39,174	-
Financial Institution Tax	-	81,554	81,554	-
Hea 1001 Homestead Credit Fund	(626)	-	-	(626)
State Fines & Forfeitures	4,108	26,522	27,455	3,175
Overweight Vehicle Fines	-	2,352	2,352	-
Special Death Benefits	55	988	972	71
State Sales Disclosures	245	1,340	1,585	-
Coroners Cont Education	19	257	240	36
State Mortgage Fee Fund	68	913	916	65
Childs Seat Belt Fines	-	200	200	-
Forest Restoration	375	-	375	-
Inheritance Tax	212,250	8,471	219,456	1,265
Educational Plate Distribution	-	150	150	-
Agency Riverboat Wagering Tax	-	44,524	44,524	-
Local Option (Cert Shares) Tax	-	1,175,588	1,175,588	-
Ageny Economic Development	-	295,637	295,637	-
Arra Pros Iv-D Incentive	1,911	-	-	1,911
County Iv-D Incentive	14,853	4,863	-	19,716
Pros Iv-D Incen Post '99	58,429	7,310	-	65,739
Clerk Iv D Incentive Post '99	33,530	4,863	9,436	28,957
Bioterrorism Prepared Response	-	18,279	18,279	-
Amateur Radio Grant	-	211	-	211
Adult Offender Interstate Compact	63	620	683	-
Clerk- Support	2,022	202,637	201,397	3,262
Clerk- Trust	118,736	362,566	368,259	113,043
Treasurer- After Settlement Collection	117,858	7,562,602	7,536,216	144,244
Treasurer- After Settlement Collections Cash	300	-	-	300
Sheriff- Cash Book	-	165,143	165,243	(100)
Sheriff- Commissary Fund	7,975	40,628	42,965	5,638
Sheriff- Inmate Trust	783	46,840	46,504	1,119
Recorders Records Perpetuation	26,468	11,771	10,740	27,499
Infraction Judgement	1,863	32,012	32,290	1,585
Bio-Terrorism Cdc Grant	(4,598)	18,443	21,053	(7,208)
Phc Grant	8,690	-	-	8,690
Acs Mammogram	1,800	7,649	6,009	3,440
Mrc Grant	-	14,637	14,637	-
Naccho	5,371	4,000	5,359	4,012
Project Income (Correction)	81,929	17,744	30,158	69,515
Arra Mass Trans	-	32,845	32,845	-
Cemetary Trust Clearance	2,506	26	13	2,519
Sheriff K-9 Donations	1,051	-	-	1,051
Reserve Deputy Donation Fund	749	620	503	866
Sheriff Donation Fund	1,002	-	-	1,002
Uc Sheriff Support Donations	223	-	-	223
Court House Clock Grant	1,010	-	1,010	-
Mass Transportation	-	276,518	276,518	-
Star Dev Housing Grant	-	195,000	195,000	-
Totals	<u>\$ 5,563,101</u>	<u>\$ 23,302,663</u>	<u>\$ 23,573,091</u>	<u>\$ 5,292,673</u>

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

UNION COUNTY
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

Taxes which can include one or more of the following: property 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.

UNION COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

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

E. Disbursements

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

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

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

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

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

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

UNION COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

UNION COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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 Capitol 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.

UNION COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

B. County Police Retirement Plan

Plan Description

The County Police Retirement Plan is a single-employer defined benefit pension plan. With the approval of the County's fiscal body, the plan is administered by the sheriff's department and an appointed trustee as authorized by state statute (IC 36-8-10-12) for full-time police officers. The plan provides retirement, death, and disability benefits to plan members and beneficiaries. Funds designated for payments related to this plan are accounted for in a pension trust fund. The activity of this trust fund has not been reflected in the financial statement. The trustee issues a publicly available financial report that includes financial statements and required supplementary information of the plan. The report may be obtained by contacting the county sheriff.

Funding Policy

The contribution requirements of plan members for the County Police Retirement Plan are established by state statute.

C. County Police Benefit Plan

Plan Description

The County Police Benefit Plan is a single-employer defined benefit pension plan. With the approval of the County's fiscal body, the plan is administered by the sheriff's department and an appointed trustee as authorized by state statute (IC 36-8-10-12) for full-time police officers. The plan provides dependent pensions, life insurance, and disability benefits to plan members and beneficiaries. Funds designated for payments related to this plan are accounted for in a pension trust fund. The activity of this trust fund has not been reflected in the financial statement. The trustee issues a publicly available financial report that includes financial statements and required supplementary information of the plan. The report may be obtained by contacting the county sheriff.

Funding Policy

The contribution requirements of plan members for the County Police Benefit Plan are established by state statute.

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of reimbursement grants being expended but reimbursements have not been received.

Note 8. Holding Corporations

The County has entered into a capital lease with Union County Building Corporation (the lessor). The lessor was organized as a corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the County. The lessor has been determined to be a related party of the County. Lease payments during the year 2013 totaled \$185,000.

SUPPLEMENTARY INFORMATION – UNAUDITED

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

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

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

UNION COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013

	County General	Accident Report	Courthouse Special Cagit	Cagit County Certified Shares	County Edit	City & Towns Court Costs	Clerks Perpetuation
Cash and investments - beginning	\$ 771,455	\$ 236	\$ 733,981	\$ 43,101	\$ 144,290	\$ 4,549	\$ 31,983
Receipts:							
Taxes	1,383,365	-	295,898	553,809	221,202	-	-
Licenses and permits	9,400	-	-	-	-	-	-
Intergovernmental	139,237	-	-	-	-	-	-
Charges for services	208,347	90	-	-	-	-	-
Fines and forfeits	48,692	-	-	-	-	3,938	3,284
Other receipts	108,597	-	-	-	-	-	-
Total receipts	<u>1,897,638</u>	<u>90</u>	<u>295,898</u>	<u>553,809</u>	<u>221,202</u>	<u>3,938</u>	<u>3,284</u>
Disbursements:							
Personal services	1,477,583	-	-	278,932	-	-	-
Supplies	64,095	-	-	-	-	-	-
Other services and charges	454,012	-	10,103	169,799	184,734	-	-
Debt service - principal and interest	-	-	185,000	-	-	-	-
Capital outlay	68,237	-	-	-	80,000	-	-
Other disbursements	38,312	-	3,362	-	-	4,549	-
Total disbursements	<u>2,102,239</u>	<u>-</u>	<u>198,465</u>	<u>448,731</u>	<u>264,734</u>	<u>4,549</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(204,601)</u>	<u>90</u>	<u>97,433</u>	<u>105,078</u>	<u>(43,532)</u>	<u>(611)</u>	<u>3,284</u>
Cash and investments - ending	<u>\$ 566,854</u>	<u>\$ 326</u>	<u>\$ 831,414</u>	<u>\$ 148,179</u>	<u>\$ 100,758</u>	<u>\$ 3,938</u>	<u>\$ 35,267</u>

UNION COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Community Correction Grant	Comm Trans Program	Congressional School Interest	Congressional School Principal	Sales Disc County Share	Cumulative Bridge	4-H Building Maintenance
Cash and investments - beginning	\$ 18,690	\$ 1,530	\$ 19,057	\$ 27,117	\$ 2,530	\$ 652,381	\$ -
Receipts:							
Taxes	-	-	-	-	-	111,347	10,559
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	8,821	837
Charges for services	-	-	-	-	1,340	51,274	-
Fines and forfeits	-	2,915	-	-	-	-	-
Other receipts	116,362	-	204	68	-	130,000	-
Total receipts	<u>116,362</u>	<u>2,915</u>	<u>204</u>	<u>68</u>	<u>1,340</u>	<u>301,442</u>	<u>11,396</u>
Disbursements:							
Personal services	85,410	-	-	-	-	-	-
Supplies	6,238	-	-	-	-	20,000	-
Other services and charges	19,109	-	-	-	-	66,087	6,361
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	6,355	-	1,018	68	-	130,000	-
Total disbursements	<u>117,112</u>	<u>-</u>	<u>1,018</u>	<u>68</u>	<u>-</u>	<u>216,087</u>	<u>6,361</u>
Excess (deficiency) of receipts over disbursements	<u>(750)</u>	<u>2,915</u>	<u>(814)</u>	<u>-</u>	<u>1,340</u>	<u>85,355</u>	<u>5,035</u>
Cash and investments - ending	<u>\$ 17,940</u>	<u>\$ 4,445</u>	<u>\$ 18,243</u>	<u>\$ 27,117</u>	<u>\$ 3,870</u>	<u>\$ 737,736</u>	<u>\$ 5,035</u>

UNION COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Cumulative Capital Development	Cdfcf Community Drug Free	Emergency Plan & Right To Know	Co Recorders En Access Fund	Firearms Training	Drain Improvement	Health
Cash and investments - beginning	\$ 143,491	\$ 42,931	\$ 21,680	\$ 538	\$ 10,665	\$ 10,700	\$ 97,392
Receipts:							
Taxes	55,033	-	-	-	-	-	115,826
Licenses and permits	-	-	-	-	4,670	-	-
Intergovernmental	4,360	-	-	-	-	-	9,176
Charges for services	-	-	-	440	-	-	19,424
Fines and forfeits	-	14,987	-	-	-	-	-
Other receipts	4,909	-	13,764	-	-	-	-
Total receipts	<u>64,302</u>	<u>14,987</u>	<u>13,764</u>	<u>440</u>	<u>4,670</u>	<u>-</u>	<u>144,426</u>
Disbursements:							
Personal services	-	3,875	-	-	-	-	139,015
Supplies	-	-	1,145	-	-	-	7,570
Other services and charges	126,196	2,609	1,617	-	-	-	11,803
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	1,907	-	-	-	-
Other disbursements	-	-	11,000	-	6,227	-	-
Total disbursements	<u>126,196</u>	<u>6,484</u>	<u>15,669</u>	<u>-</u>	<u>6,227</u>	<u>-</u>	<u>158,388</u>
Excess (deficiency) of receipts over disbursements	<u>(61,894)</u>	<u>8,503</u>	<u>(1,905)</u>	<u>440</u>	<u>(1,557)</u>	<u>-</u>	<u>(13,962)</u>
Cash and investments - ending	<u>\$ 81,597</u>	<u>\$ 51,434</u>	<u>\$ 19,775</u>	<u>\$ 978</u>	<u>\$ 9,108</u>	<u>\$ 10,700</u>	<u>\$ 83,430</u>

UNION COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Rec Identity Security Protection	Excess Levy Fund	Local Health Maintenance I	Local Road & Street	Misdemeanor Co. Correction	Highway	Plat Book
Cash and investments - beginning	\$ 14,062	\$ 5,409	\$ 15,284	\$ 71,913	\$ 13,848	\$ 324,465	\$ 15,049
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	16,708	71,562	-	939,688	-
Charges for services	1,059	-	29,829	-	5,152	-	2,646
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	157,505	-
Total receipts	<u>1,059</u>	<u>-</u>	<u>46,537</u>	<u>71,562</u>	<u>5,152</u>	<u>1,097,193</u>	<u>2,646</u>
Disbursements:							
Personal services	-	-	38,529	-	-	440,447	4,868
Supplies	-	-	8,964	56,829	3,634	183,149	1,121
Other services and charges	494	-	-	-	1,000	256,898	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	6,000	158,062	-
Other disbursements	-	5,409	-	-	-	130,000	-
Total disbursements	<u>494</u>	<u>5,409</u>	<u>47,493</u>	<u>56,829</u>	<u>10,634</u>	<u>1,168,556</u>	<u>5,989</u>
Excess (deficiency) of receipts over disbursements	<u>565</u>	<u>(5,409)</u>	<u>(956)</u>	<u>14,733</u>	<u>(5,482)</u>	<u>(71,363)</u>	<u>(3,343)</u>
Cash and investments - ending	<u>\$ 14,627</u>	<u>\$ -</u>	<u>\$ 14,328</u>	<u>\$ 86,646</u>	<u>\$ 8,366</u>	<u>\$ 253,102</u>	<u>\$ 11,706</u>

UNION COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	County Rainy Day Fund	Cum Reassessment 2006	Cum Reassessment 2015	County Riverboat Wagering	Violent Crimes Victims	Sheriff Pension Holding	Supplement Public Defender
Cash and investments - beginning	\$ 825,836	\$ 52,317	\$ 125,309	\$ 30,936	\$ -	\$ 391	\$ 31,949
Receipts:							
Taxes	-	-	108,950	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	4,487	27,884	-	-	-
Charges for services	-	-	-	-	-	-	24,707
Fines and forfeits	-	-	-	-	50	3,763	14,883
Other receipts	9,214	-	-	-	-	-	-
Total receipts	<u>9,214</u>	<u>-</u>	<u>113,437</u>	<u>27,884</u>	<u>50</u>	<u>3,763</u>	<u>39,590</u>
Disbursements:							
Personal services	-	-	1,944	-	-	-	-
Supplies	-	-	2,230	-	-	-	-
Other services and charges	-	-	26,562	29,167	-	-	40,920
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	3,784	52,317	-	-	50	3,924	-
Total disbursements	<u>3,784</u>	<u>52,317</u>	<u>30,736</u>	<u>29,167</u>	<u>50</u>	<u>3,924</u>	<u>40,920</u>
Excess (deficiency) of receipts over disbursements	<u>5,430</u>	<u>(52,317)</u>	<u>82,701</u>	<u>(1,283)</u>	<u>-</u>	<u>(161)</u>	<u>(1,330)</u>
Cash and investments - ending	<u>\$ 831,266</u>	<u>\$ -</u>	<u>\$ 208,010</u>	<u>\$ 29,653</u>	<u>\$ -</u>	<u>\$ 230</u>	<u>\$ 30,619</u>

UNION COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Surplus Tax	Surveyor Corner Perpetuation	Tax Sale Fund	Tax Sale Redemption	Tax Sale Surplus	Local Health Maintenance Iii	Guardian At-Litem Casa
Cash and investments - beginning	\$ 11,537	\$ 4,065	\$ -	\$ 6,648	\$ 58,853	\$ 14,866	\$ 11,520
Receipts:							
Taxes	8,587	-	-	-	85,769	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	6,206	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	2,710	7,035	49,925	-	-	2,714
Total receipts	<u>8,587</u>	<u>2,710</u>	<u>7,035</u>	<u>49,925</u>	<u>85,769</u>	<u>6,206</u>	<u>2,714</u>
Disbursements:							
Personal services	-	2,400	-	-	-	14,853	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	413	-	-	-	-	2,714
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	6,920	-	2,539	56,573	72,729	-	-
Total disbursements	<u>6,920</u>	<u>2,813</u>	<u>2,539</u>	<u>56,573</u>	<u>72,729</u>	<u>14,853</u>	<u>2,714</u>
Excess (deficiency) of receipts over disbursements	<u>1,667</u>	<u>(103)</u>	<u>4,496</u>	<u>(6,648)</u>	<u>13,040</u>	<u>(8,647)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 13,204</u>	<u>\$ 3,962</u>	<u>\$ 4,496</u>	<u>\$ -</u>	<u>\$ 71,893</u>	<u>\$ 6,219</u>	<u>\$ 11,520</u>

UNION COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Election	Auditors Ineligible Deductions	Ceot	Parks & Recreation	County Offender Trans	State 911 Fund	Probation Administrative Fees
Cash and investments - beginning	\$ 55,619	\$ 3,784	\$ 1,303	\$ 38,385	\$ 813	\$ 54,148	\$ 222
Receipts:							
Taxes	-	-	-	10,559	-	116,741	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	837	-	-	-
Charges for services	-	-	963	2,163	-	-	-
Fines and forfeits	-	-	-	-	68	-	4,175
Other receipts	-	-	-	-	-	22,624	-
Total receipts	<u>-</u>	<u>-</u>	<u>963</u>	<u>13,559</u>	<u>68</u>	<u>139,365</u>	<u>4,175</u>
Disbursements:							
Personal services	4,500	-	-	-	-	75,506	-
Supplies	-	1,999	-	-	-	1,946	-
Other services and charges	490	-	210	372	-	15,516	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	1,476	-	811	-	20,598	-
Other disbursements	345	-	-	-	-	7,000	-
Total disbursements	<u>5,335</u>	<u>3,475</u>	<u>210</u>	<u>1,183</u>	<u>-</u>	<u>120,566</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(5,335)</u>	<u>(3,475)</u>	<u>753</u>	<u>12,376</u>	<u>68</u>	<u>18,799</u>	<u>4,175</u>
Cash and investments - ending	<u>\$ 50,284</u>	<u>\$ 309</u>	<u>\$ 2,056</u>	<u>\$ 50,761</u>	<u>\$ 881</u>	<u>\$ 72,947</u>	<u>\$ 4,397</u>

UNION COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Juvenile Probation Administrative	Supplemental Adult Probation Services	Juvenile Intake Center	User Fund	Drain Maintenance	Isdh Primary Health Care	Health Insurance
Cash and investments - beginning	\$ 6,011	\$ 28,049	\$ 363	\$ 46,864	\$ 127,072	\$ -	\$ 4,771
Receipts:							
Taxes	-	-	-	-	43,968	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	1,510	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	2,215	26,016	450	30,952	-	-	-
Other receipts	-	-	-	-	-	-	456,674
Total receipts	<u>2,215</u>	<u>26,016</u>	<u>450</u>	<u>30,952</u>	<u>43,968</u>	<u>1,510</u>	<u>456,674</u>
Disbursements:							
Personal services	-	539	-	6,713	-	19,261	-
Supplies	-	-	-	-	-	265	-
Other services and charges	108	1,863	-	231	82,547	8,071	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	13,024	-	-	-
Other disbursements	-	-	241	5,500	-	-	459,059
Total disbursements	<u>108</u>	<u>2,402</u>	<u>241</u>	<u>25,468</u>	<u>82,547</u>	<u>27,597</u>	<u>459,059</u>
Excess (deficiency) of receipts over disbursements	<u>2,107</u>	<u>23,614</u>	<u>209</u>	<u>5,484</u>	<u>(38,579)</u>	<u>(26,087)</u>	<u>(2,385)</u>
Cash and investments - ending	<u>\$ 8,118</u>	<u>\$ 51,663</u>	<u>\$ 572</u>	<u>\$ 52,348</u>	<u>\$ 88,493</u>	<u>\$ (26,087)</u>	<u>\$ 2,386</u>

UNION COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	In Sheriff 457 (B) Plan	Federal Withholding Taxes	Social Security/ Medicare	Cagit	Perf	Sheriff Pension	State Withholding Taxes
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 2,042	\$ -	\$ -	\$ 4,841
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	5,908	173,807	285,409	27,125	172,109	11,573	65,292
Total receipts	<u>5,908</u>	<u>173,807</u>	<u>285,409</u>	<u>27,125</u>	<u>172,109</u>	<u>11,573</u>	<u>65,292</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	5,908	173,807	285,409	27,056	172,109	11,573	64,835
Total disbursements	<u>5,908</u>	<u>173,807</u>	<u>285,409</u>	<u>27,056</u>	<u>172,109</u>	<u>11,573</u>	<u>64,835</u>
Excess (deficiency) of receipts over disbursements	-	-	-	69	-	-	457
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,111</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,298</u>

UNION COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Garnishment	Settlement Fund	Lohut	Excise Wheel Tax	Surtax	Commercial Vehicle Excise Tax	Final Excise Tax Cut Replacement Due State
Cash and investments - beginning	\$ -	\$ -	\$ 74,962	\$ 280	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	4,859,748	-	55,153	182,126	-	223,900
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	327,928	-	-	-	28,655	-
Charges for services	-	-	208,850	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	16,460	-	-	-	-	-	-
Total receipts	16,460	5,187,676	208,850	55,153	182,126	28,655	223,900
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	16,460	5,187,676	216,887	55,433	182,126	28,655	223,900
Total disbursements	16,460	5,187,676	216,887	55,433	182,126	28,655	223,900
Excess (deficiency) of receipts over disbursements	-	-	(8,037)	(280)	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ 66,925	\$ -	\$ -	\$ -	\$ -

UNION COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Sewer Collections	Financial Institution Tax	Hea 1001 Homestead Credit Fund	State Fines & Fortfeitures	Overweight Vehicle Fines	Special Death Benefits	State Sales Disclosures
Cash and investments - beginning	\$ -	\$ -	\$ (626)	\$ 4,108	\$ -	\$ 55	\$ 245
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	81,554	-	-	-	-	-
Charges for services	39,174	-	-	-	-	-	1,340
Fines and forfeits	-	-	-	26,522	2,352	988	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>39,174</u>	<u>81,554</u>	<u>-</u>	<u>26,522</u>	<u>2,352</u>	<u>988</u>	<u>1,340</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	39,174	81,554	-	27,455	2,352	972	1,585
Total disbursements	<u>39,174</u>	<u>81,554</u>	<u>-</u>	<u>27,455</u>	<u>2,352</u>	<u>972</u>	<u>1,585</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>(933)</u>	<u>-</u>	<u>16</u>	<u>(245)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (626)</u>	<u>\$ 3,175</u>	<u>\$ -</u>	<u>\$ 71</u>	<u>\$ -</u>

UNION COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Coroners Cont Education	State Mortgage Fee Fund	Childs Seat Belt Fines	Forest Restoration	Inheritance Tax	Educational Plate Distribution	Agency Riverboat Wagering Tax
Cash and investments - beginning	\$ 19	\$ 68	\$ -	\$ 375	\$ 212,250	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	8,471	150	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	44,524
Charges for services	257	913	-	-	-	-	-
Fines and forfeits	-	-	200	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>257</u>	<u>913</u>	<u>200</u>	<u>-</u>	<u>8,471</u>	<u>150</u>	<u>44,524</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	240	916	200	375	219,456	150	44,524
Total disbursements	<u>240</u>	<u>916</u>	<u>200</u>	<u>375</u>	<u>219,456</u>	<u>150</u>	<u>44,524</u>
Excess (deficiency) of receipts over disbursements	<u>17</u>	<u>(3)</u>	<u>-</u>	<u>(375)</u>	<u>(210,985)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 36</u>	<u>\$ 65</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,265</u>	<u>\$ -</u>	<u>\$ -</u>

UNION COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Local Option (Cert Shares) Tax	Agency Economic Development	Arra Pros Iv-D Incentive	County Iv-D Incentive	Pros Iv-D Incen Post '99	Clerk Iv D Incentive Post '99	Bioterrorism Prepared Response
Cash and investments - beginning	\$ -	\$ -	\$ 1,911	\$ 14,853	\$ 58,429	\$ 33,530	\$ -
Receipts:							
Taxes	1,175,588	295,637	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	4,863	7,310	4,863	18,279
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>1,175,588</u>	<u>295,637</u>	<u>-</u>	<u>4,863</u>	<u>7,310</u>	<u>4,863</u>	<u>18,279</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	3,077
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	15,202
Other disbursements	<u>1,175,588</u>	<u>295,637</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,436</u>	<u>-</u>
Total disbursements	<u>1,175,588</u>	<u>295,637</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,436</u>	<u>18,279</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,863</u>	<u>7,310</u>	<u>(4,573)</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,911</u>	<u>\$ 19,716</u>	<u>\$ 65,739</u>	<u>\$ 28,957</u>	<u>\$ -</u>

UNION COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Amateur Radio Grant	Adult Offender Interstate Compact	Clerk- Support	Clerk- Trust	Treasurer- After Settlement Collection	Treasurer- After Settlement Collections Cash	Sheriff- Cash Book
Cash and investments - beginning	\$ -	\$ 63	\$ 2,022	\$ 118,736	\$ 117,858	\$ 300	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	211	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	620	-	-	-	-	-
Other receipts	-	-	202,637	362,566	7,562,602	-	165,143
Total receipts	<u>211</u>	<u>620</u>	<u>202,637</u>	<u>362,566</u>	<u>7,562,602</u>	<u>-</u>	<u>165,143</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	683	201,397	368,259	7,536,216	-	165,243
Total disbursements	<u>-</u>	<u>683</u>	<u>201,397</u>	<u>368,259</u>	<u>7,536,216</u>	<u>-</u>	<u>165,243</u>
Excess (deficiency) of receipts over disbursements	<u>211</u>	<u>(63)</u>	<u>1,240</u>	<u>(5,693)</u>	<u>26,386</u>	<u>-</u>	<u>(100)</u>
Cash and investments - ending	<u>\$ 211</u>	<u>\$ -</u>	<u>\$ 3,262</u>	<u>\$ 113,043</u>	<u>\$ 144,244</u>	<u>\$ 300</u>	<u>\$ (100)</u>

UNION COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Sheriff- Commissary Fund	Sheriff- Inmate Trust	Recorders Records Perpetuation	Infraction Judgement	Bio-Terrorism Cdc Grant	Phc Grant	Acs Mammogram
Cash and investments - beginning	\$ 7,975	\$ 783	\$ 26,468	\$ 1,863	\$ (4,598)	\$ 8,690	\$ 1,800
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	11,771	-	-	-	7,649
Fines and forfeits	-	-	-	32,012	-	-	-
Other receipts	40,628	46,840	-	-	18,443	-	-
Total receipts	<u>40,628</u>	<u>46,840</u>	<u>11,771</u>	<u>32,012</u>	<u>18,443</u>	<u>-</u>	<u>7,649</u>
Disbursements:							
Personal services	-	-	77	-	14,729	-	-
Supplies	-	-	-	-	4,281	-	-
Other services and charges	-	-	-	-	465	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	1,578	-	-
Other disbursements	42,965	46,504	10,663	32,290	-	-	6,009
Total disbursements	<u>42,965</u>	<u>46,504</u>	<u>10,740</u>	<u>32,290</u>	<u>21,053</u>	<u>-</u>	<u>6,009</u>
Excess (deficiency) of receipts over disbursements	<u>(2,337)</u>	<u>336</u>	<u>1,031</u>	<u>(278)</u>	<u>(2,610)</u>	<u>-</u>	<u>1,640</u>
Cash and investments - ending	<u>\$ 5,638</u>	<u>\$ 1,119</u>	<u>\$ 27,499</u>	<u>\$ 1,585</u>	<u>\$ (7,208)</u>	<u>\$ 8,690</u>	<u>\$ 3,440</u>

UNION COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Mrc Grant	Naccho	Project Income (Correction)	Arra Mass Trans	Cemetary Trust Clearance	Sheriff K-9 Donations	Reserve Deputy Donation Fund
Cash and investments - beginning	\$ -	\$ 5,371	\$ 81,929	\$ -	\$ 2,506	\$ 1,051	\$ 749
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	32,845	-	-	-
Charges for services	14,637	4,000	-	-	-	-	620
Fines and forfeits	-	-	17,744	-	-	-	-
Other receipts	-	-	-	-	26	-	-
Total receipts	<u>14,637</u>	<u>4,000</u>	<u>17,744</u>	<u>32,845</u>	<u>26</u>	<u>-</u>	<u>620</u>
Disbursements:							
Personal services	2,785	3,999	19,730	-	-	-	-
Supplies	6,220	948	1,157	-	-	-	-
Other services and charges	84	80	1,216	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	5,548	332	8,055	-	-	-	-
Other disbursements	-	-	-	32,845	13	-	503
Total disbursements	<u>14,637</u>	<u>5,359</u>	<u>30,158</u>	<u>32,845</u>	<u>13</u>	<u>-</u>	<u>503</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(1,359)</u>	<u>(12,414)</u>	<u>-</u>	<u>13</u>	<u>-</u>	<u>117</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 4,012</u>	<u>\$ 69,515</u>	<u>\$ -</u>	<u>\$ 2,519</u>	<u>\$ 1,051</u>	<u>\$ 866</u>

UNION COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2013
 (Continued)

	Sheriff Donation Fund	Uc Sheriff Support Donations	Court House Clock Grant	Mass Transportation	Star Dev Housing Grant	Totals
Cash and investments - beginning	\$ 1,002	\$ 223	\$ 1,010	\$ -	\$ -	\$ 5,563,101
Receipts:						
Taxes	-	-	-	-	-	9,922,386
Licenses and permits	-	-	-	-	-	14,070
Intergovernmental	-	-	-	276,518	-	2,052,657
Charges for services	-	-	-	-	-	642,851
Fines and forfeits	-	-	-	-	-	236,826
Other receipts	-	-	-	-	195,000	10,433,873
Total receipts	-	-	-	276,518	195,000	23,302,663
Disbursements:						
Personal services	-	-	-	-	-	2,635,695
Supplies	-	-	-	-	-	374,868
Other services and charges	-	-	-	-	-	1,521,851
Debt service - principal and interest	-	-	-	-	-	185,000
Capital outlay	-	-	-	-	-	380,830
Other disbursements	-	-	1,010	276,518	195,000	18,474,847
Total disbursements	-	-	1,010	276,518	195,000	23,573,091
Excess (deficiency) of receipts over disbursements	-	-	(1,010)	-	-	(270,428)
Cash and investments - ending	<u>\$ 1,002</u>	<u>\$ 223</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,292,673</u>

UNION COUNTY
 SCHEDULE OF LEASES AND DEBT
 December 31, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Union County Building Corporation	Courthouse Renovation	\$ 191,000	1/1/2007	1/1/2028
Total of annual lease payments		<u>\$ 191,000</u>		

UNION COUNTY
SCHEDULE OF CAPITAL ASSETS
December 31, 2013

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	\$ 791,545
Buildings	3,182,559
Machinery, equipment, and vehicles	<u>2,657,819</u>
 Total governmental activities	 <u>6,631,923</u>
 Total capital assets	 <u>\$ 6,631,923</u>

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

TO: THE OFFICIALS OF UNION COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited Union County's (County) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013. 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, 2013.

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.

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 2013-002 to be material weaknesses.

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

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


Paul D. Joyce, CPA
State Examiner

September 8, 2014

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

UNION COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2013

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 Grant/States Program and Non Entitlement Grants in Hawaii Star Development Housing Grant	Indiana Housing & Community Development Authority	14.228	HD-011-032	\$ 195,000
Total - Department of Housing and Urban Development				<u>195,000</u>
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster Highway Planning and Construction Cumulative Bridge	Indiana Department of Transportation	20.205	DES# 1172010	<u>51,273</u>
Total - Highway Planning and Construction Cluster				<u>51,273</u>
Formula Grants for Rural Areas Mass Transportation Mass Trans	Indiana Department of Transportation	20.509	13809698 12809841	196,010 <u>32,845</u>
Total - Formula Grants for Rural Areas				<u>228,855</u>
Total - Department of Transportation				<u>280,128</u>
<u>Department of Health and Human Services</u>				
Medical Reserve Corps Small Grant Program NACCHO	Nat'l Assoc. of County and City Health Officials	93.008	5MRCSG101005-03	<u>5,359</u>
Public Health Emergency Preparedness MRC Grant Bio-Terrorism CDC Grant	Indiana State Department of Health	93.069	A70-3-3-0532180 A70-4-0532243	10,000 <u>18,443</u>
Total - Public Health Emergency Preparedness				<u>28,443</u>
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements		93.074	A70-3-0532147 (BPRS)	<u>18,279</u>
Emergency System for Advanced Registration of Volunteer Health Professionals MRC Grant	Indiana State Department of Health	93.089	6ESREP100014-03-03	<u>4,637</u>
Child Support Enforcement Child Support Indirect Costs Clerk IV-D Incentive	Indiana Department of Child Services	93.563	FY 2013 FY 2013	72,023 <u>9,436</u>
Total - Child Support Enforcement				<u>81,459</u>
Total - Department of Health and Human Services				<u>138,177</u>
<u>Department of Homeland Security</u>				
Emergency Management Performance Grants EMA	Indiana Department of Homeland Security	97.042	C44P-3-309B	<u>7,166</u>
State Homeland Security Program (SHSP) Amateur Radio Grant	Indiana Department of Homeland Security	97.073	C44P-3-394B	<u>211</u>
Total - Department of Homeland Security				<u>7,377</u>
Total federal awards expended				<u>\$ 620,682</u>

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

UNION COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the 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, 2013:

Program Title	Federal CFDA Number	2013
Formula Grants for Rural Areas	20.509	\$ <u>228,855</u>

UNION COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; 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?	no

Federal Awards:

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
20.509	CDBG - State-Administered CDBG Cluster Formula Grants for Rural 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 2013-001 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

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

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

UNION COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2. **Preparing Financial Statements:** Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the County's audited financial statement and then determining how those identified risks should be managed. The County has not identified risks to the preparation of a reliable financial statement and as a result has failed to design effective controls over the preparation of the financial statement to prevent, or detect and correct, material misstatements, including notes to the financial statement.
3. **Monitoring of Controls:** Effective internal control over financial reporting requires the Board of County Commissioners or assigned designee to monitor and assess the quality of the County's system of internal control. The Board of Commissioners or assigned designee has not performed either an ongoing or separate evaluation of their system of internal controls. The failure to exercise their oversight responsibility place the County at risk that controls may not be designed or operating effectively to provide reasonable assurance that controls will prevent, or detect and correct, material misstatements in a timely manner. Additionally, the County has no process to identify or communicate corrective actions to improve controls.

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

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1) (Accounting and Uniform Compliance Guidelines Manual for County Auditors of Indiana, Chapter 14)

Section III - Federal Award Findings and Questioned Costs

FINDING 2013-002 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON THE COMMUNITY DEVELOPMENT BLOCK GRANT/STATE'S PROGRAM

Federal Agency: Housing and Urban Development
Federal Program: Community Development Block Grants/State's Program
and Non-Entitlement Grants in Hawaii
CFDA Number: 14.228
Federal Award Number and Year (or Other Identifying Number): HD-011-032 Yr: 2013
Pass-Through Entity: Indiana Housing and Community Development Authority

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

UNION COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

OMB Circular A-133, Subpart C, section .300 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."

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

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

AUDITEE PREPARED DOCUMENT

The subsequent document was provided by management of the County. The document is presented as intended by the County.



GENE H. SANFORD
UNION COUNTY AUDITOR

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

September 3, 2014

**FINDING NUMBER 2013-001 – INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS
AND REPORTING**

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

Union County Auditor

President, Union County
Commissioners



Union County Courthouse, Liberty, Ind.

GENE H. SANFORD
UNION COUNTY AUDITOR

26 West Union Street (765)458-5464 Deana Hill, 1st Deputy
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September 3, 2014

FINDING NUMBER 2013-002 – INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT EFFECT ON THE COMMUNITY DEVELOPMENT BLOCK GRANT/STATE'S PROGRAM

Union County contracted with Star Development to be the vendor in executing the Community Development Block Grant for the County. As part of their agreement, they acted as the agent to meet all federal requirements of the grant. They performed the Debarment procedures in question and have the documentation to support this action in their files, however our office did not review these files. We will physically review these files in the future.

Union County Auditor

President, Union County
Commissioners

OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the County. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.