

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF
ORANGE COUNTY, INDIANA
January 1, 2015 to December 31, 2015



FILED
08/10/2017

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
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 <i>Government Auditing Standards</i>	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	10-11
Notes to Financial Statement	12-17
Other Information - Unaudited:	
Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	20-38
Schedule of Payables and Receivables	39
Schedule of Leases and Debt	40
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance	42-44
Schedule of Expenditures of Federal Awards and Accompanying Note:	
Schedule of Expenditures of Federal Awards	46
Note to Schedule of Expenditures of Federal Awards	47
Schedule of Findings and Questioned Costs	48-56
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings	58-60
Corrective Action Plan	61-65
Other Reports	66

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Donna Atchison Lonnie Stroud	01-01-13 to 12-31-16 01-01-17 to 12-31-20
County Treasurer	Sandy Hill Billie Deel	01-01-13 to 12-31-16 01-01-17 to 12-31-20
Clerk of the Circuit Court	Beth Jones	01-01-13 to 12-31-20
County Sheriff	Joshua Babcock	01-01-15 to 12-31-18
County Recorder	Terry Nicholson Sandy Hill	01-01-13 to 12-31-16 01-01-17 to 12-31-20
President of the Board of County Commissioners	Don Brewer	01-01-15 to 12-31-17
President of the County Council	Greg Farlow Kermit A. Lamb Matt Henderson	01-01-15 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-17



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

TO: THE OFFICIALS OF ORANGE COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of Orange County (County), which comprises the financial position and results of operations for the year ended December 31, 2015, and the related notes to the financial statement as listed in the Table of Contents.

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 (Indiana Code 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 from 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 to 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, 2015.

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, 2015, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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.

Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 12, 2017, 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.


Paul D. Joyce, CPA
State Examiner

June 12, 2017



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 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 ORANGE 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 Orange County (County), which comprises the financial position and results of operations for the year ended December 31, 2015, and the related notes to the financial statement, and have issued our report thereon dated June 12, 2017, 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.

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 County's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001, 2015-002, and 2015-003, that we consider to be material weaknesses.

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001 and 2015-002.

Orange 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

June 12, 2017

(This page intentionally left blank.)

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.

ORANGE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2015

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15
After Settlement Collections	\$ 398,144	\$ 404,098	\$ 398,144	\$ 404,098
General	300,329	2,730,450	2,690,092	340,687
Accident Report	2,669	1,721	115	4,275
HD-013-004 Housing Authority	-	60,521	60,521	-
CAGIT County Certified Shares	66,084	1,122,773	1,185,099	3,758
CEDIT County Share	93,626	454,152	413,674	134,104
City and Town Court Costs	80,137	5,624	-	85,761
Clerk's Records Perpetuation	14,635	6,619	2,460	18,794
Sales Disclosure - County Share	4,887	2,520	-	7,407
Cummulative Bridge	1,240,256	570,898	724,889	1,086,265
Cummulative Capital Development	248,714	173,849	81,261	341,302
Cummulative Courthouse	5,523	-	-	5,523
Drug Free Community	-	21,839	19,309	2,530
Emergency Planning/Right to Know	14,569	3,240	-	17,809
Firearms Training	17,458	10,501	2,863	25,096
Health	(5,005)	88,631	85,167	(1,541)
Identification Security Protection	22,022	1,734	4,153	19,603
Levy Excess	99	-	-	99
Local Health Maintenance	27,657	38,424	41,088	24,993
Local Road and Street	31,484	171,600	191,060	12,024
Misdemeanant	16,154	12,985	14,646	14,493
Motor Vehicle Highway	976,038	2,175,458	2,115,706	1,035,790
Park Nonreverting Operating	22,702	11,887	6,450	28,139
Plat Book	11,130	8,545	4,807	14,868
Rainy Day	394	-	-	394
Reassessment - 2015	763,453	243,553	326,423	680,583
Recorder's Records Perpetuation	53,663	14,852	56,483	12,032
Riverboat	668,257	1,325,522	980,133	1,013,646
Sex and Violent Offender Administration	4,297	1,395	616	5,076
Sheriff's Pension Trust	-	1,820	1,820	-
Supplemental Public Defender Services	13,303	3,235	-	16,538
Surplus Tax	12,274	11,750	17,388	6,636
Surveyor's Corner Perpetuation	30,062	5,770	10,184	25,648
Tax Sale Redemption	13,139	25,697	35,301	3,535
Tax Sale Surplus	491,661	170,804	273,558	388,907
Local Health Department Trust Account	6,331	16,365	20,834	1,862
Vehicle Inspection	148	245	-	393
Victim Impact Program	2	-	-	2
County Elected Officials Training	5,020	1,734	713	6,041
Statewide 911	203,759	329,588	329,094	204,253
Adult Probation Administrative	92,035	126,397	186,982	31,450
Juvenile Probation Administrative	8,606	6,644	6,445	8,805
Alternative Dispute Resolution	18,939	1,869	-	20,808
County User Fee	223,415	159,308	139,823	242,900
97.042 Empgcompema	144	8,485	8,485	144
Convention Center Operating	1,075	12,900	12,900	1,075
Colonial Life	-	301	301	-
Payroll Withholding - Insurance	14,621	834,595	839,353	9,863
Payroll Withholding - Other	-	2,036	2,036	-
Payroll Withholding - Deferred Compensation	-	29,336	29,336	-
Payroll Withholding - Federal	-	306,255	306,255	-
Payroll Withholding - FICA & Medicare	(46)	516,559	516,559	(46)
Payroll Withholding - PERF	-	404,160	404,160	-
Payroll Withholding - State	-	155,393	155,393	-
Garnishment	-	18,278	18,278	-
Sheriff Pension Holding	2,673	25,351	25,774	2,250

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

ORANGE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended December 31, 2015
(Continued)

Fund	Cash and Investments 01-01-15	Receipts	Disbursements	Cash and Investments 12-31-15
CVET Agency	-	246,393	246,393	-
Sewage Collections	962	12,812	5,298	8,476
Financial Institution Tax	-	107,082	107,082	-
State Fines and Forfeitures	16	8,761	8,109	668
Special Death Benefit	-	1,890	1,645	245
Sales Disclosure - State Share	285	2,520	2,755	50
Coroners Training & Con't Education	169	2,000	2,044	125
Interstate Compact - State Share	-	2,156	1,766	390
Mortgage Recording Fees - State Share	132	1,764	1,734	162
Sex and Violent Offender Admin - State	30	155	160	25
Inheritance Tax	130	3,542	3,542	130
Education Plate Fees Agency	-	206	206	-
Riverboat Revenue Sharing	71,866	1,169,022	1,011,529	229,359
Innkeepers Tax Collections	633,553	1,038,051	1,027,191	644,413
CAGIT Distribution	-	2,926,267	2,926,267	-
CEDIT Distribution	-	734,711	734,711	-
93.563 ARRA Clerk IV-D Incentive	2,988	-	2,194	794
93.563 Prosecutor IV-D Incentive-Post Oct '99	6,328	13,456	15,193	4,591
93.563 Clerk IV-D Incentive-Post Oct '99	17,252	8,944	6,600	19,596
Orange County Cir/Sup Ct	169,022	17	8,915	160,124
Orange County Child Support	8,075	455,840	459,872	4,043
Orange Co Clerk Odyssey	449,768	2,050,034	2,027,403	472,399
Commissary	63,816	173,534	136,091	101,259
Inmate Trust Fund	11,442	231,689	228,119	15,012
Courthouse Redem Fund	885,034	53,184	-	938,218
PP Tax Audit	-	13,670	-	13,670
Admission Tax Distribution	-	927,110	557,110	370,000
97.073 OC Information Sharing	-	18,500	18,500	-
American Family Insurance	632	11,179	11,769	42
Conseco Insurance	-	8,966	8,966	-
Life Insurance	-	15,597	15,597	-
Boston Mutual Life Ins Co.	(33)	5,434	5,434	(33)
Vision	-	22,804	22,059	745
Air Evac	-	3,100	3,100	-
Liberty National	8	14,544	14,587	(35)
Deferred Comp	-	2,535	2,535	-
Dental	-	1,448	1,448	-
State Settlement	-	13,819,142	13,819,142	-
Orange Co Law Enforcement Cont	461	380	1,187	(346)
Region 15 Planning	698	11,348	8,928	3,118
Wolfe Cemetery Fund	10,000	55	55	10,000
Sheriff Donations	3,600	-	2,865	735
Truck Hauling Permits	3,428	225	-	3,653
Sheriff Walmart Grant	188	-	-	188
Rule 5 Fund	172	6,930	4,286	2,816
Unemployment	-	5,307	5,307	-
French Lick Airport Road 300 S	62,722	398,918	250,647	210,993
Operation Pullover	1,392	-	-	1,392
Section 5311 Transportation	-	372,908	372,908	-
Homeland Security Grant	(9,579)	35,824	26,245	-
Title IV-D Incentive	42,237	8,944	3,150	48,031
OC Public Safety Narrow Banding	3,097	-	2,760	337
Adapt-Substance Abuse Program	3,346	-	-	3,346
Drug Testing - Probation	549	-	-	549
Payments In Lieu of Taxes	-	51,229	51,229	-
Totals	<u>\$ 8,660,323</u>	<u>\$ 37,838,393</u>	<u>\$ 36,920,764</u>	<u>\$ 9,577,952</u>

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

ORANGE 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. Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's 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.

Intergovernmental receipts. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions 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.

ORANGE COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Charges for services. Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines 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. Amounts received 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. Amounts received from various sources, including, but 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. Amounts disbursed 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. Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service - principal and interest. Amounts disbursed for 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. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements. Amounts disbursed for various other purposes including, but 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.

ORANGE COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

F. Interfund Transfers

The County may, from time to time, make transfers 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 amounts 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 amounts 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.

ORANGE COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

State statutes authorize the County to invest in securities including, but not limited to, the following: 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 a cost-sharing 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
One North Capitol, 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.

ORANGE 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 expenditures exceeding receipts in those funds.

Note 8. Combined Funds

Funds that were combined and shown as one Health Insurance fund in the prior financial statement were separated and shown as separate funds in the current financial statement.

ORANGE COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. Subsequent Event

During the prior audit period, the County began construction on a new road to the French Lick Airport. Initial construction was completed during 2015. The road was used for several days, but due to significant unforeseen structural deficiencies, the condition of the road deteriorated to the point that it became impassable and unsafe for travel. As of the date of this report, the road remains closed. The County has disbursed local funds as well as a portion of federal award money for the project. Currently, a definitive plan to address the problems has not been developed, but the County is pursuing all available avenues in order to reach a resolution on this matter to fix the deficiencies and complete the project.

(This page intentionally left blank.)

OTHER INFORMATION - UNAUDITED

The County's Annual Financial 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 County's Annual Financial Report 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 other information presented was approved by management of the County. It is presented as intended by the County.

ORANGE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015

	After Settlement Collections	General	Accident Report	HD-013-004 Housing Authority	CAGIT County Certified Shares	CEDIT County Share
Cash and investments - beginning	\$ 398,144	\$ 300,329	\$ 2,669	\$ -	\$ 66,084	\$ 93,626
Receipts:						
Taxes	-	1,762,208	-	-	1,112,633	454,152
Intergovernmental receipts	-	461,358	-	-	-	-
Charges for services	-	381,311	425	-	9,819	-
Fines and forfeits	-	64,751	-	-	-	-
Other receipts	404,098	60,822	1,296	60,521	321	-
Total receipts	<u>404,098</u>	<u>2,730,450</u>	<u>1,721</u>	<u>60,521</u>	<u>1,122,773</u>	<u>454,152</u>
Disbursements:						
Personal services	-	2,106,182	-	-	820,923	-
Supplies	-	207,279	-	-	-	368,259
Other services and charges	-	374,437	115	-	364,176	45,415
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	2,194	-	-	-	-
Other disbursements	398,144	-	-	60,521	-	-
Total disbursements	<u>398,144</u>	<u>2,690,092</u>	<u>115</u>	<u>60,521</u>	<u>1,185,099</u>	<u>413,674</u>
Excess (deficiency) of receipts over disbursements	<u>5,954</u>	<u>40,358</u>	<u>1,606</u>	<u>-</u>	<u>(62,326)</u>	<u>40,478</u>
Cash and investments - ending	<u>\$ 404,098</u>	<u>\$ 340,687</u>	<u>\$ 4,275</u>	<u>\$ -</u>	<u>\$ 3,758</u>	<u>\$ 134,104</u>

ORANGE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	City and Town Court Costs	Clerk's Records Perpetuation	Sales Disclosure - County Share	Cummulative Bridge	Cummulative Capital Development	Cummulative Courthouse
Cash and investments - beginning	\$ 80,137	\$ 14,635	\$ 4,887	\$ 1,240,256	\$ 248,714	\$ 5,523
Receipts:						
Taxes	-	-	-	448,828	149,353	-
Intergovernmental receipts	-	-	-	60,101	19,999	-
Charges for services	-	-	2,520	61,744	-	-
Fines and forfeits	5,624	6,619	-	-	-	-
Other receipts	-	-	-	225	4,497	-
Total receipts	5,624	6,619	2,520	570,898	173,849	-
Disbursements:						
Personal services	-	-	-	168,719	-	-
Supplies	-	-	-	119,446	-	-
Other services and charges	-	-	-	45,111	60,906	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	2,460	-	391,613	20,355	-
Other disbursements	-	-	-	-	-	-
Total disbursements	-	2,460	-	724,889	81,261	-
Excess (deficiency) of receipts over disbursements	5,624	4,159	2,520	(153,991)	92,588	-
Cash and investments - ending	<u>\$ 85,761</u>	<u>\$ 18,794</u>	<u>\$ 7,407</u>	<u>\$ 1,086,265</u>	<u>\$ 341,302</u>	<u>\$ 5,523</u>

ORANGE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Drug Free Community	Emergency Planning/Right to Know	Firearms Training	Health	Identification Security Protection	Levy Excess
Cash and investments - beginning	\$ -	\$ 14,569	\$ 17,458	\$ (5,005)	\$ 22,022	\$ 99
Receipts:						
Taxes	-	-	-	50,811	-	-
Intergovernmental receipts	-	-	-	6,804	-	-
Charges for services	-	-	9,610	30,802	1,734	-
Fines and forfeits	21,839	-	-	-	-	-
Other receipts	-	3,240	891	214	-	-
Total receipts	21,839	3,240	10,501	88,631	1,734	-
Disbursements:						
Personal services	-	-	-	79,906	-	-
Supplies	-	-	2,863	2,209	-	-
Other services and charges	19,309	-	-	3,052	4,153	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	19,309	-	2,863	85,167	4,153	-
Excess (deficiency) of receipts over disbursements	2,530	3,240	7,638	3,464	(2,419)	-
Cash and investments - ending	<u>\$ 2,530</u>	<u>\$ 17,809</u>	<u>\$ 25,096</u>	<u>\$ (1,541)</u>	<u>\$ 19,603</u>	<u>\$ 99</u>

ORANGE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Local Health Maintenance	Local Road and Street	Misdemeanant	Motor Vehicle Highway	Park Nonreverting Operating	Plat Book
Cash and investments - beginning	\$ 27,657	\$ 31,484	\$ 16,154	\$ 976,038	\$ 22,702	\$ 11,130
Receipts:						
Taxes	-	-	-	-	8,468	-
Intergovernmental receipts	16,570	171,600	12,985	2,113,739	1,134	-
Charges for services	21,854	-	-	-	2,285	8,545
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	-	61,719	-	-
Total receipts	<u>38,424</u>	<u>171,600</u>	<u>12,985</u>	<u>2,175,458</u>	<u>11,887</u>	<u>8,545</u>
Disbursements:						
Personal services	37,902	-	14,646	1,070,053	1,500	4,807
Supplies	2,983	45,000	-	572,095	87	-
Other services and charges	203	41,030	-	247,979	4,863	-
Debt service - principal and interest	-	105,030	-	223,030	-	-
Capital outlay	-	-	-	2,549	-	-
Other disbursements	-	-	-	-	-	-
Total disbursements	<u>41,088</u>	<u>191,060</u>	<u>14,646</u>	<u>2,115,706</u>	<u>6,450</u>	<u>4,807</u>
Excess (deficiency) of receipts over disbursements	<u>(2,664)</u>	<u>(19,460)</u>	<u>(1,661)</u>	<u>59,752</u>	<u>5,437</u>	<u>3,738</u>
Cash and investments - ending	<u>\$ 24,993</u>	<u>\$ 12,024</u>	<u>\$ 14,493</u>	<u>\$ 1,035,790</u>	<u>\$ 28,139</u>	<u>\$ 14,868</u>

ORANGE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Rainy Day	Reassessment - 2015	Recorder's Records Perpetuation	Riverboat	Sex and Violent Offender Administration	Sheriff's Pension Trust
Cash and investments - beginning	\$ 394	\$ 763,453	\$ 53,663	\$ 668,257	\$ 4,297	\$ -
Receipts:						
Taxes	-	214,791	-	-	-	-
Intergovernmental receipts	-	28,762	-	1,238,764	-	-
Charges for services	-	-	14,852	-	1,395	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	-	-	86,758	-	1,820
Total receipts	<u>-</u>	<u>243,553</u>	<u>14,852</u>	<u>1,325,522</u>	<u>1,395</u>	<u>1,820</u>
Disbursements:						
Personal services	-	130,918	276	50,000	-	-
Supplies	-	2,219	-	300,000	616	-
Other services and charges	-	153,286	56,207	362,304	-	-
Debt service - principal and interest	-	-	-	227,829	-	-
Capital outlay	-	40,000	-	-	-	-
Other disbursements	-	-	-	40,000	-	1,820
Total disbursements	<u>-</u>	<u>326,423</u>	<u>56,483</u>	<u>980,133</u>	<u>616</u>	<u>1,820</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(82,870)</u>	<u>(41,631)</u>	<u>345,389</u>	<u>779</u>	<u>-</u>
Cash and investments - ending	<u>\$ 394</u>	<u>\$ 680,583</u>	<u>\$ 12,032</u>	<u>\$ 1,013,646</u>	<u>\$ 5,076</u>	<u>\$ -</u>

ORANGE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Supplemental Public Defender Services	Surplus Tax	Surveyor's Corner Perpetuation	Tax Sale Redemption	Tax Sale Surplus	Local Health Department Trust Account
Cash and investments - beginning	\$ 13,303	\$ 12,274	\$ 30,062	\$ 13,139	\$ 491,661	\$ 6,331
Receipts:						
Taxes	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	5,770	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	3,235	11,750	-	25,697	170,804	16,365
Total receipts	<u>3,235</u>	<u>11,750</u>	<u>5,770</u>	<u>25,697</u>	<u>170,804</u>	<u>16,365</u>
Disbursements:						
Personal services	-	-	-	-	-	19,202
Supplies	-	-	-	-	-	-
Other services and charges	-	-	3,105	-	-	1,632
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	7,079	-	-	-
Other disbursements	-	17,388	-	35,301	273,558	-
Total disbursements	<u>-</u>	<u>17,388</u>	<u>10,184</u>	<u>35,301</u>	<u>273,558</u>	<u>20,834</u>
Excess (deficiency) of receipts over disbursements	<u>3,235</u>	<u>(5,638)</u>	<u>(4,414)</u>	<u>(9,604)</u>	<u>(102,754)</u>	<u>(4,469)</u>
Cash and investments - ending	<u>\$ 16,538</u>	<u>\$ 6,636</u>	<u>\$ 25,648</u>	<u>\$ 3,535</u>	<u>\$ 388,907</u>	<u>\$ 1,862</u>

ORANGE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Vehicle Inspection	Victim Impact Program	County Elected Officials Training	Statewide 911	Adult Probation Administrative	Juvenile Probation Administrative
Cash and investments - beginning	\$ 148	\$ 2	\$ 5,020	\$ 203,759	\$ 92,035	\$ 8,606
Receipts:						
Taxes	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	3,000
Charges for services	245	-	1,734	318,492	-	-
Fines and forfeits	-	-	-	-	126,397	3,644
Other receipts	-	-	-	11,096	-	-
Total receipts	245	-	1,734	329,588	126,397	6,644
Disbursements:						
Personal services	-	-	-	263,845	169,149	294
Supplies	-	-	-	-	601	1,238
Other services and charges	-	-	713	65,249	17,232	4,842
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	71
Total disbursements	-	-	713	329,094	186,982	6,445
Excess (deficiency) of receipts over disbursements	245	-	1,021	494	(60,585)	199
Cash and investments - ending	<u>\$ 393</u>	<u>\$ 2</u>	<u>\$ 6,041</u>	<u>\$ 204,253</u>	<u>\$ 31,450</u>	<u>\$ 8,805</u>

ORANGE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Alternative Dispute Resolution	County User Fee	97.042 Empgcompema	Convention Center Operating	Colonial Life	Payroll Withholding - Insurance
Cash and investments - beginning	\$ 18,939	\$ 223,415	\$ 144	\$ 1,075	\$ -	\$ 14,621
Receipts:						
Taxes	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	12,213	-	12,900	-	-
Fines and forfeits	1,869	144,431	-	-	-	-
Other receipts	-	2,664	8,485	-	301	834,595
Total receipts	<u>1,869</u>	<u>159,308</u>	<u>8,485</u>	<u>12,900</u>	<u>301</u>	<u>834,595</u>
Disbursements:						
Personal services	-	53,749	-	-	-	-
Supplies	-	12,596	-	-	-	-
Other services and charges	-	49,067	-	-	-	-
Debt service - principal and interest	-	-	-	12,900	-	-
Capital outlay	-	22,270	-	-	-	-
Other disbursements	-	2,141	8,485	-	301	839,353
Total disbursements	<u>-</u>	<u>139,823</u>	<u>8,485</u>	<u>12,900</u>	<u>301</u>	<u>839,353</u>
Excess (deficiency) of receipts over disbursements	<u>1,869</u>	<u>19,485</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,758)</u>
Cash and investments - ending	<u>\$ 20,808</u>	<u>\$ 242,900</u>	<u>\$ 144</u>	<u>\$ 1,075</u>	<u>\$ -</u>	<u>\$ 9,863</u>

ORANGE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Payroll Withholding - Other	Payroll Withholding - Deferred Compensation	Payroll Withholding - Federal	Payroll Withholding - FICA & Medicare	Payroll Withholding - PERF	Payroll Withholding - State
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (46)	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	2,036	29,336	306,255	516,559	404,160	155,393
Total receipts	2,036	29,336	306,255	516,559	404,160	155,393
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	2,036	29,336	306,255	516,559	404,160	155,393
Total disbursements	2,036	29,336	306,255	516,559	404,160	155,393
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (46)	\$ -	\$ -

ORANGE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Garnishment	Sheriff Pension Holding	CVET Agency	Sewage Collections	Financial Institution Tax	State Fines and Forfeitures
Cash and investments - beginning	\$ -	\$ 2,673	\$ -	\$ 962	\$ -	\$ 16
Receipts:						
Taxes	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	21,528	-	-	-	8,761
Other receipts	18,278	3,823	246,393	12,812	107,082	-
Total receipts	18,278	25,351	246,393	12,812	107,082	8,761
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	18,278	25,774	246,393	5,298	107,082	8,109
Total disbursements	18,278	25,774	246,393	5,298	107,082	8,109
Excess (deficiency) of receipts over disbursements	-	(423)	-	7,514	-	652
Cash and investments - ending	\$ -	\$ 2,250	\$ -	\$ 8,476	\$ -	\$ 668

ORANGE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Special Death Benefit	Sales Disclosure - State Share	Coroners Training & Con't Education	Interstate Compact - State Share	Mortgage Recording Fees - State Share	Sex and Violent Offender Admin - State
Cash and investments - beginning	\$ -	\$ 285	\$ 169	\$ -	\$ 132	\$ 30
Receipts:						
Taxes	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	2,520	2,000	-	1,764	-
Fines and forfeits	1,890	-	-	2,156	-	-
Other receipts	-	-	-	-	-	155
Total receipts	<u>1,890</u>	<u>2,520</u>	<u>2,000</u>	<u>2,156</u>	<u>1,764</u>	<u>155</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	1,645	2,755	2,044	1,766	1,734	160
Total disbursements	<u>1,645</u>	<u>2,755</u>	<u>2,044</u>	<u>1,766</u>	<u>1,734</u>	<u>160</u>
Excess (deficiency) of receipts over disbursements	<u>245</u>	<u>(235)</u>	<u>(44)</u>	<u>390</u>	<u>30</u>	<u>(5)</u>
Cash and investments - ending	<u>\$ 245</u>	<u>\$ 50</u>	<u>\$ 125</u>	<u>\$ 390</u>	<u>\$ 162</u>	<u>\$ 25</u>

ORANGE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Inheritance Tax	Education Plate Fees Agency	Riverboat Revenue Sharing	Innkeepers Tax Collections	CAGIT Distribution	CEDIT Distribution
Cash and investments - beginning	\$ 130	\$ -	\$ 71,866	\$ 633,553	\$ -	\$ -
Receipts:						
Taxes	-	-	-	1,038,051	-	-
Intergovernmental receipts	-	-	1,169,022	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	3,542	206	-	-	2,926,267	734,711
Total receipts	<u>3,542</u>	<u>206</u>	<u>1,169,022</u>	<u>1,038,051</u>	<u>2,926,267</u>	<u>734,711</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	3,542	206	1,011,529	1,027,191	2,926,267	734,711
Total disbursements	<u>3,542</u>	<u>206</u>	<u>1,011,529</u>	<u>1,027,191</u>	<u>2,926,267</u>	<u>734,711</u>
Excess (deficiency) of receipts over disbursements	-	-	157,493	10,860	-	-
Cash and investments - ending	<u>\$ 130</u>	<u>\$ -</u>	<u>\$ 229,359</u>	<u>\$ 644,413</u>	<u>\$ -</u>	<u>\$ -</u>

ORANGE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	93.563 ARRA Clerk IV-D Incentive	93.563 Prosecutor IV-D Incentive-Post Oct '99	93.563 Clerk IV-D Incentive-Post Oct '99	Orange County Cir/Sup Ct	Orange County Child Support	Orange Co Clerk Odyssey
Cash and investments - beginning	\$ 2,988	\$ 6,328	\$ 17,252	\$ 169,022	\$ 8,075	\$ 449,768
Receipts:						
Taxes	-	-	-	-	-	-
Intergovernmental receipts	-	-	8,944	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	13,456	-	17	455,840	2,050,034
Total receipts	-	13,456	8,944	17	455,840	2,050,034
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	2,194	15,193	6,600	8,915	459,872	2,027,403
Total disbursements	2,194	15,193	6,600	8,915	459,872	2,027,403
Excess (deficiency) of receipts over disbursements	(2,194)	(1,737)	2,344	(8,898)	(4,032)	22,631
Cash and investments - ending	\$ 794	\$ 4,591	\$ 19,596	\$ 160,124	\$ 4,043	\$ 472,399

ORANGE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Commissary	Inmate Trust Fund	Courthouse Redem Fund	PP Tax Audit	Admission Tax Distribution	97.073 OC Information Sharing
Cash and investments - beginning	\$ 63,816	\$ 11,442	\$ 885,034	\$ -	\$ -	\$ -
Receipts:						
Taxes	-	-	-	13,670	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	173,534	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	231,689	53,184	-	927,110	18,500
Total receipts	<u>173,534</u>	<u>231,689</u>	<u>53,184</u>	<u>13,670</u>	<u>927,110</u>	<u>18,500</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	136,091	-	-	-	-	-
Other services and charges	-	10	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	-	228,109	-	-	557,110	18,500
Total disbursements	<u>136,091</u>	<u>228,119</u>	<u>-</u>	<u>-</u>	<u>557,110</u>	<u>18,500</u>
Excess (deficiency) of receipts over disbursements	<u>37,443</u>	<u>3,570</u>	<u>53,184</u>	<u>13,670</u>	<u>370,000</u>	<u>-</u>
Cash and investments - ending	<u>\$ 101,259</u>	<u>\$ 15,012</u>	<u>\$ 938,218</u>	<u>\$ 13,670</u>	<u>\$ 370,000</u>	<u>\$ -</u>

ORANGE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	American Family Insurance	Conseco Insurance	Life Insurance	Boston Mutual Life Ins Co.	Vision	Air Evac
Cash and investments - beginning	\$ 632	\$ -	\$ -	\$ (33)	\$ -	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	11,179	8,966	15,597	5,434	22,804	3,100
Total receipts	11,179	8,966	15,597	5,434	22,804	3,100
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	11,769	8,966	15,597	5,434	22,059	3,100
Total disbursements	11,769	8,966	15,597	5,434	22,059	3,100
Excess (deficiency) of receipts over disbursements	(590)	-	-	-	745	-
Cash and investments - ending	\$ 42	\$ -	\$ -	\$ (33)	\$ 745	\$ -

ORANGE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Liberty National	Deferred Comp	Dental	State Settlement	Orange Co Law Enforcement Cont	Region 15 Planning
Cash and investments - beginning	\$ 8	\$ -	\$ -	\$ -	\$ 461	\$ 698
Receipts:						
Taxes	-	-	-	-	-	10,008
Intergovernmental receipts	-	-	-	-	-	1,340
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	14,544	2,535	1,448	13,819,142	380	-
Total receipts	14,544	2,535	1,448	13,819,142	380	11,348
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	14,587	2,535	1,448	13,819,142	1,187	8,928
Total disbursements	14,587	2,535	1,448	13,819,142	1,187	8,928
Excess (deficiency) of receipts over disbursements	(43)	-	-	-	(807)	2,420
Cash and investments - ending	\$ (35)	\$ -	\$ -	\$ -	\$ (346)	\$ 3,118

ORANGE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	Wolfe Cemetery Fund	Sheriff Donations	Truck Hauling Permits	Sheriff Walmart Grant	Rule 5 Fund	Unemployment
Cash and investments - beginning	\$ 10,000	\$ 3,600	\$ 3,428	\$ 188	\$ 172	\$ -
Receipts:						
Taxes	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	55	-	225	-	6,930	5,307
Total receipts	<u>55</u>	<u>-</u>	<u>225</u>	<u>-</u>	<u>6,930</u>	<u>5,307</u>
Disbursements:						
Personal services	-	-	-	-	4,286	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	55	2,865	-	-	-	5,307
Total disbursements	<u>55</u>	<u>2,865</u>	<u>-</u>	<u>-</u>	<u>4,286</u>	<u>5,307</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(2,865)</u>	<u>225</u>	<u>-</u>	<u>2,644</u>	<u>-</u>
Cash and investments - ending	<u>\$ 10,000</u>	<u>\$ 735</u>	<u>\$ 3,653</u>	<u>\$ 188</u>	<u>\$ 2,816</u>	<u>\$ -</u>

ORANGE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	French Lick Airport Road 300 S	Operation Pullover	Section 5311 Transportation	Homeland Security Grant	Title IV-D Incentive
Cash and investments - beginning	\$ 62,722	\$ 1,392	\$ -	\$ (9,579)	\$ 42,237
Receipts:					
Taxes	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-
Charges for services	-	-	-	-	-
Fines and forfeits	-	-	-	-	-
Other receipts	398,918	-	372,908	35,824	8,944
Total receipts	398,918	-	372,908	35,824	8,944
Disbursements:					
Personal services	-	-	-	-	-
Supplies	-	-	-	-	-
Other services and charges	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-
Capital outlay	-	-	-	-	-
Other disbursements	250,647	-	372,908	26,245	3,150
Total disbursements	250,647	-	372,908	26,245	3,150
Excess (deficiency) of receipts over disbursements	148,271	-	-	9,579	5,794
Cash and investments - ending	\$ 210,993	\$ 1,392	\$ -	\$ -	\$ 48,031

ORANGE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015
 (Continued)

	OC Public Safety Narrow Bandings	Adapt- Substance Abuse Program	Drug Testing - Probation	Payments In Lieu of Taxes	Totals
Cash and investments - beginning	\$ 3,097	\$ 3,346	\$ 549	\$ -	\$ 8,660,323
Receipts:					
Taxes	-	-	-	-	5,262,973
Intergovernmental receipts	-	-	-	-	5,314,122
Charges for services	-	-	-	-	1,078,068
Fines and forfeits	-	-	-	-	409,509
Other receipts	-	-	-	51,229	25,773,721
Total receipts	-	-	-	51,229	37,838,393
Disbursements:					
Personal services	-	-	-	-	4,996,357
Supplies	-	-	-	-	1,773,582
Other services and charges	-	-	-	-	1,924,396
Debt service - principal and interest	-	-	-	-	568,789
Capital outlay	-	-	-	-	488,520
Other disbursements	2,760	-	-	51,229	27,169,120
Total disbursements	2,760	-	-	51,229	36,920,764
Excess (deficiency) of receipts over disbursements	(2,760)	-	-	-	917,629
Cash and investments - ending	\$ 337	\$ 3,346	\$ 549	\$ -	\$ 9,577,952

ORANGE COUNTY
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2015

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 410,706</u>	<u>\$ -</u>

ORANGE COUNTY
SCHEDULE OF LEASES AND DEBT
December 31, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Springs Valley Bank & Trust	Ambulance	\$ 20,355	10/18/2012	10/18/2016
Total of annual lease payments		<u>\$ 20,355</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	Community Building	\$ 348,483	\$ 52,110
Revenue bonds	Courthouse Renovation	1,720,000	185,494
Notes and loans payable	Highway Equipment	<u>103,928</u>	<u>105,030</u>
Total governmental activities		<u>2,172,411</u>	<u>342,634</u>
Totals		<u>\$ 2,172,411</u>	<u>\$ 342,634</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 ORANGE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited Orange County's (County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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.

Basis for Adverse Opinion on Formula Grants for Rural Areas

As described in item 2015-005 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding Subrecipient Monitoring that are applicable to its Formula Grants for Rural Areas. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program.

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

Adverse Opinion on Formula Grants for Rural Areas

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on Formula Grants for Rural Areas* paragraph, the County did not comply in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Formula Grants for Rural Areas for the year ended December 31, 2015.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2015.

Other Matters

The County's response to the noncompliance 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.

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 the Uniform Guidance, 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 a 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 a 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2015-004 and 2015-005, that we consider to be material weaknesses.

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

The County's response to the internal control over compliance 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

June 12, 2017

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTE

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

ORANGE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2015

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	Pass-Through To Subrecipient	Total Federal Awards Expended
Department of Housing and Urban Development					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii HD-013-004 Housing	Indiana Housing and Community Development	14.228	HD-013-004	\$ 60,521	\$ 60,521
Total - Department of Housing and Urban Development				<u>60,521</u>	<u>60,521</u>
Department of Transportation					
Highway Planning and Construction Cluster Highway Planning and Construction French Lick Airport Road French Lick Bridge-Airport Bridge Inspection	Indiana Department of Transportation	20.205	Des. No. 0901872 Des. No. 0902252 Des. No. 1382535	- - -	102,948 95,969 61,744
Total - Highway Planning and Construction				<u>-</u>	<u>260,661</u>
Formula Grants for Rural Areas Transportation Grant FY 2015 Transportation Grant FY 2014 Transportation Grant 2014 ARRA Grant Transportation Grant 2015 Capital Assistance Grant	Indiana Department of Transportation	20.509	1803329O 1803229O 14ARRA29C 1803329C	111,354 45,762 67,660 54,821	111,354 45,762 67,660 54,821
Total - Formula Grants for Rural Areas				<u>279,597</u>	<u>279,597</u>
Total - Department of Transportation				<u>279,597</u>	<u>540,258</u>
Department of Health and Human Services					
Child Support Enforcement Child Support Enforcement 93.563 ProsTitle IV-D Incentive 93.563 Title IV-D Incentive 93.563 Clerk IV-D Incentive	Indiana Department of Child Services	93.563		- - - -	110,587 15,193 3,150 6,600
Total - Child Support Enforcement				<u>-</u>	<u>135,530</u>
Total - Department of Health and Human Services				<u>-</u>	<u>135,530</u>
Department of Homeland Security					
Emergency Management Performance Grants 2014 EMPGCOMP-P25 Radios 2014 EMPG - Salaries	Indiana Department of Homeland Security	97.042	C44A-5-512B C44P-5-743B	- -	8,485 15,000
Total - Emergency Management Performance Grants				<u>-</u>	<u>23,485</u>
Homeland Security Grant Program HSG - A. Moore OC Information Sharing	Indiana Department of Homeland Security	97.067	C44P-4-477B C44P-5-609B	- -	35,824 18,500
Total - Homeland Security Grant Program				<u>-</u>	<u>54,324</u>
Total - Department of Homeland Security				<u>-</u>	<u>77,809</u>
Total federal awards expended				<u>\$ 340,118</u>	<u>\$ 814,118</u>

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

ORANGE COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the County under programs of the federal government for the year ended December 31, 2015. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the County, it is not intended to and does not present the financial position of the County.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

ORANGE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
20.509	Highway Planning and Construction Cluster Formula Grants for Rural Areas	Unmodified Adverse

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
--	----

Section II - Financial Statement Findings

FINDING 2015-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material weakness, material noncompliance

Repeat Finding

This was a repeat finding from the immediate prior year. The prior finding number was 2014-001.

Condition

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). No evidence was presented for audit that would indicate there was oversight, review, approval or other compensating controls in place to verify the accuracy of the information and amounts.

ORANGE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The SEFA presented for audit contained the following material errors:

1. Four federal grants totaling \$278,830 in federal expenditures were not reported.
2. The expenditures of two federal grants were reported incorrectly resulting in an overstatement of \$261,754.
3. A state grant with expenditures totaling \$1,839 was reported as a federal grant.
4. The pass-through agency, federal program titles, and pass-through entity identifying numbers were incorrect for several federal programs.

Audit adjustments were proposed, accepted by the County, and made to the SEFA.

Criteria

The State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with section 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards*. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. 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 Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

ORANGE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal 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 must 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. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in §200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe the significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in §200.414 Indirect (F&A) costs."

Cause

Management had not established a system of internal control that would have ensured accurate and complete reporting of federal expenditures on the SEFA.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition*.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2015-002

Subject: Financial Transactions and Reporting
Audit Findings: Material weakness, material noncompliance

Repeat Finding

This was not a repeat finding from the immediate prior year.

ORANGE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

There was a deficiency in the internal control system of the County, related to financial transactions and reporting, that constituted a material weakness:

Internal controls were not in place to detect that the financial statement presented for audit was materially incorrect. Errors noted included the following:

1. Nineteen different payroll withholding funds were reporting incorrectly.
2. The beginning balance of two funds were reported incorrectly.
3. The financial activity of one fund was not reported.

The errors noted above resulted in an understatement of receipts and disbursements in the amount of \$1,538,012 each and an understatement of the beginning and ending cash and investment balances in the amount of \$34,478.

Audit adjustments were proposed, accepted by the County, and made to the financial statement.

Criteria

The State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

Cause

Management of the County had not established a proper system of internal control.

ORANGE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the financial statement could have remained undetected. The financial statement contained the errors identified in the *Condition*.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2015-003

Subject: Internal Controls over Financial Transactions and Reporting
Audit Finding: Material weakness

Repeat Finding

This was a repeat finding from the immediate prior year. The prior finding number was 2014-002.

Condition

There was the following deficiency in the internal control system of the Clerk of the Circuit Court (Clerk) related to financial transactions and reporting. There was a lack of segregation of duties in recordkeeping. There were no controls in place to ensure that the receipts and disbursements posted to the records, the monthly reconcilements, and the reports were complete and accurate.

All Clerk's office employees collected payments and used the same cash drawer. The bookkeeper receipted payments, and was solely responsible for posting receipts to the records, preparing the deposits, and taking the deposits to the bank. The bookkeeper was also responsible for reconciling the bank statements monthly and preparing the monthly Clerk's report.

The bookkeeper was also the sole employee responsible for writing, issuing, and posting all checks for the department.

Criteria

The State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

ORANGE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Cause

The Clerk had not established a proper system of internal controls, including segregation of duties, to ensure that all financial transactions were properly recorded and accounted for.

Effect

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected, and could have increased the risk of incorrect financial reporting.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

Section III - Federal Award Findings and Questioned Costs

FINDING 2015-004

Subject: Formula Grants for Rural Areas - Reporting
Federal Agency: Department of Transportation
Federal Program: Formula Grants for Rural Areas
CFDA Number: 20.509
Federal Award Numbers and Years (or Other Identifying Numbers): 1803329O, 1803229O, 1803229C, 14ARRA29C
Pass-Through Entity: Indiana Department of Transportation
Compliance Requirement: Reporting
Audit Finding: Material Weakness

Repeat Finding

This was a repeat finding from the immediate prior year. The prior finding number was 2014-005.

Condition

An effective internal control system was not in place at the County in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement.

The monthly fare itemization was not included in the documentation provided by the subrecipient to the County to verify the key line items on the quarterly Requests for Reimbursement. The County did not have any policies and procedures in place to ensure the quarterly Requests for Reimbursements were supported by proper documentation.

Context

Fare itemization documentation was not included with any of the reimbursement requests submitted by the subrecipient to the County. The supporting documentation was requested and obtained from the subrecipient for audit.

ORANGE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

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. . . ."

Cause

Management had not developed a system of internal controls that would have ensured that the County complied with Reporting compliance requirement.

Effect

The failure to establish an effective internal control system placed 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 have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the County's management establish controls related to the grant agreement and the Reporting compliance requirement.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2015-005

Subject: Formula Grants for Rural Areas - Subrecipient Monitoring

Federal Agency: Department of Transportation

Federal Program: Formula Grants for Rural Areas

CFDA Number: 20.509

Federal Award Numbers and Years (or Other Identifying Numbers): 1803329O, 1803229O, 1803229C, 14ARRA29C

Pass-Through Entity: Indiana Department of Transportation

Compliance Requirement: Subrecipient Monitoring

Audit Findings: Material Weakness; Modified Opinion

Repeat Finding

This was a repeat finding from the immediate prior year. The prior finding number was 2014-006.

ORANGE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

An effective internal control system was not in place at the County in order to ensure compliance with requirements related to the grant agreement and the Subrecipient Monitoring compliance requirement.

The County reimbursed the subrecipient of the grant based only upon the Claim Receipts submitted by the subrecipient. The County did not have policies and procedures in place to monitor the subrecipient, and no actual monitoring occurred.

The County did not ensure that their subrecipient obtained the required audits, nor did they obtain or review the audit reports so that they could take appropriate or timely action, if required.

The County did not obtain or require their subrecipient to provide them with their DUNS number.

Context

This was a systemic problem within the program. At no point during the year under audit was there any documentation or evidence to indicate that the County was actively monitoring the subrecipient.

Criteria

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."

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

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

- (3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.
- (4) Ensure that subrecipients expending \$300,000 (\$500,000 for fiscal years ending after December 31, 2003) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year.
- (5) Issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action. . . ."

ORANGE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR Appendix A(B) to Part 25.360 states:

"If you are authorized to make subawards under this award, you:

1. Must notify potential subrecipients that no entity (see definition in paragraph C of this award term) may receive a subaward from you unless the entity has provided its DUNS number to you.
2. May not make a subaward to an entity unless the entity has provided its DUNS number to you."

Cause

Management had not developed a system of internal controls that would have ensured that the County complied with the Subrecipient Monitoring compliance requirement.

Effect

The failure to establish an effective internal control system caused the County to be in noncompliance with the compliance requirement and the grant agreement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the County's management establish controls related to the grant agreement and the Subrecipient Monitoring compliance requirement. We also recommended that the County monitor the activities of the subrecipient as required by the compliance guidelines and the grant agreement.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the County. The documents are presented as intended by the County.

Lonnie Stroud
Auditor of Orange County
205 East Main Street, Suite 1
Paoli, Indiana 47454

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-001 Preparation of schedule of Expenditures of Federal Awards

Fiscal year in which the finding initially occurred: 2014
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: None
Contact Person Responsible for Corrective Action: Lonnie Stroud
Contact Phone Number: 812-723-7100

Status of Audit Finding: New official in 2017. The new Auditor will identify errors in the Schedule of Expenditures of Federal Awards and make correction.

FINDING 2014-003 Internal Controls over Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii

Fiscal year in which the finding initially occurred: 2014
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Housing and Community Development
Contact Person Responsible for Corrective Action: Lonnie Stroud
Contact Phone Number: 812-723-7100

Status of Audit Finding: New official in 2017. The new Auditor will address internal controls that require detailed documentation and a review will be made before release of funds. There will be a signature on the documentation to indicate that review was made.

FINDING 2014-004 Sub-Recipient Monitoring

Fiscal year in which the finding initially occurred: 2014
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Housing and Community Development, Indiana Office of Community and Rural Affairs
Contact Person Responsible for Corrective Action: Lonnie Stroud
Contact Phone Number: 812-723-7100

Status of Audit Finding: New official in 2017. The new Auditor will address the monitoring of sub recipients. DUNS numbers will be required on the documentation.

FINDING 2014-005 Reporting

Fiscal year in which the finding initially occurred: 2014
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Transportation
Contact Person Responsible for Corrective Action: Lonnie Stroud
Contact Phone Number: 812-723-7100

Status of Audit Finding: New official in 2017. The new Auditor will address the reports that are supplied to this office for the total itemization. The quarterly reports will be signed by the county commissioners.

FINDING 2014-006 Sub-Recipient Monitoring

Fiscal year in which the finding initially occurred: 2014
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Transportation (INDOT)
Contact Person Responsible for Corrective Action: Lonnie Stroud
Contact Phone Number: 812-723-7100

Status of Audit Finding: New official in 2017. The new Auditor will address the monitoring of sub recipients. DUNS numbers will be required on the documentation



(Signature)

Auditor

(Title)

5-16-17

(Date)

BETH JONES
CLERK ORANGE CIRCUIT COURT
One Court Street
Paoli, In 47454
Phone: (812) 723-2649
Fax: (812) 723-0239
Email: countyclerk@co.orange.in.us

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-002

Fiscal year in which the finding initially occurred: 2014
Contact Person Responsible for Corrective Action: Beth Jones
Contact Phone Number: (812) 723-2649

Status of Audit Finding:

The following Corrective Action Plan was put into place beginning May 16, 2016, concerning internal controls in the Orange County Clerk's office:

The Clerk reviews all monthly reports prepared by the bookkeeper and signs all reports before they are sent to the Auditor.

All employees receipt in payments on a daily basis. They also write and issue checks.

Employees alternate preparing the daily deposits. The deposits are reviewed, initialed and taken to the bank by an employee other than the one preparing the deposit for that day.

Beth Jones
Signature
Clerk Circuit Court
Title
May 17, 2017
Date

Lonnie Stroud
Orange County Auditor

Orange County Government
205 East Main Street, Suite 1
Paoli, Indiana 47454
Phone: 812-723-3600
Fax: 812-723-4556

CORRECTIVE ACTION PLAN

FINDING 2015-001

Contact Person Responsible for Corrective Action: Lonnie Stroud
Contact Phone Number: 812-723-7100


We concur with the finding.

Description of Corrective Action Plan: Corrections were made to the SEFA. Newly elected official will establish internal controls to ensure proper reporting of the SEFA.

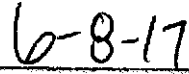
Anticipated Completion Date: June 7, 2017



(Signature)



(Title)



(Date)

Lonnie Stroud
Orange County Auditor

Orange County Government
205 East Main Street, Suite 1
Paoli, Indiana 47454
Phone: 812-723-3600
Fax: 812-723-4556

CORRECTIVE ACTION PLAN

FINDING 2015-002

Contact Person Responsible for Corrective Action: Lonnie Stroud
Contact Phone Number: 812-723-7100

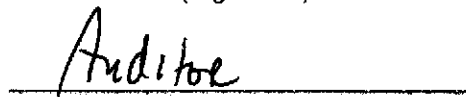
We concur with the finding.

Description of Corrective Action Plan: Corrections were made to the financial statement. Newly elected official will establish internal controls to ensure proper reporting of the annual financial statement.

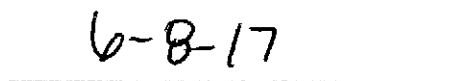
Anticipated Completion Date: June 7, 2017



(Signature)



(Title)



(Date)

BETH JONES
ORANGE CIRCUIT COURT CLERK

1 COURT STREET
PAOLI, IN 47454
812 723-2649
FAX 812 723-023

Email: countyclerk@co.orange.in.us

CORRECTIVE ACTION PLAN

Finding 2015-003

Contact Person Responsible for Corrective Action: Beth A. Jones
Contact Phone Number: (812) 723-2649

Views of Responsible Official: I concur with the finding.

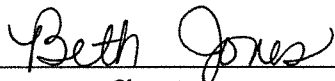
Description of Corrective Action Plan:

The Clerk reviews all monthly reports prepared by the bookkeeper and signs all reports before they are sent to the Auditor.

All employees receipt in payments on a daily basis. All employees write and issue checks.

Employees alternate preparing the daily deposits. The deposits are reviewed, initialed, and taken to the bank by an employee other than the one preparing the deposit for that day.

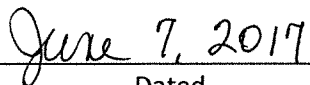
Anticipated Completion Date: The above Corrective Action Plan was put into place beginning May 16, 2016, as a result of our 2014 audit.



Signature



Title



Dated

Lonnie Stroud
Orange County Auditor

Orange County Government
205 East Main Street, Suite 1
Paoli, Indiana 47454
Phone: 812-723-3600
Fax: 812-723-4556

CORRECTIVE ACTION PLAN

FINDING 2015-004

Contact Person Responsible for Corrective Action: Lonnie Stroud
Contact Phone Number: 812-723-7100

We concur with the finding.

Description of Corrective Action Plan: The quarterly request for reimbursement will be reviewed and signed prior to funds being released.

Anticipated Completion Date: June 7, 2017



(Signature)

Auditor

(Title)

6-8-17

(Date)

Lonnie Stroud
Orange County Auditor

Orange County Government
205 East Main Street, Suite 1
Paoli, Indiana 47454
Phone: 812-723-3600
Fax: 812-723-4556

CORRECTIVE ACTION PLAN

FINDING 2015-005

Contact Person Responsible for Corrective Action: Lonnie Stroud
Contact Phone Number: 812-723-7100

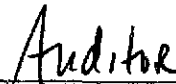
We concur with the finding.

Description of Corrective Action Plan: The County will be reviewing claims and making documentation that the review is complete by signature. DUNS numbers will be required and documented.

Anticipated Completion Date: June 7, 2017



(Signature)



(Title)



(Date)

OTHER REPORTS

In addition to this report, other reports may have been issued for the County. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.