

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

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



FILED
08/22/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Robin Lowder	01-01-11 to 12-31-14
Treasurer	Janice Silvey	01-01-13 to 12-31-16
Clerk	Marcia Moore	01-01-11 to 12-31-14
Sheriff	Michael Shepherd	01-01-11 to 12-31-14
Recorder	Debra Carnes	01-01-11 to 12-31-14
President of the Board of County Commissioners	Derek Towle	01-01-13 to 12-31-14
President of the County Council	William Bolander	01-01-13 to 12-31-14



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF HANCOCK COUNTY, INDIANA

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the County prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the County for the year ended December 31, 2013.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the County for the year ended December 31, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated June 3, 2014, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.


Accompanying Information

Supplementary Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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


Paul D. Joyce, CPA
State Examiner

June 3, 2014



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

TO: THE OFFICIALS OF HANCOCK 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 Hancock County (County), which comprises the financial position and results of operations for the year ended December 31, 2013, and the related notes to the financial statement, and have issued our report thereon dated June 3, 2014, wherein we noted the County followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 3, 2014

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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

Fund	Cash and Investments			Cash and Investments
	01-01-13	Receipts	Disbursements	
CAR-1 Treasurer After Settlement	\$ 2,400,257	\$ 2,575,460	\$ 2,400,257	\$ 2,575,460
CAR-1 Clerk/Court Trust Account	1,566,912	4,557,481	4,643,755	1,480,638
County General	2,806,063	9,809,437	9,319,858	3,295,642
Accident Report	1,854	6,869	6,426	2,297
Bids Bonds Deposits	38,641	121,711	57,311	103,041
CAGIT County Certified	-	5,303,917	4,399,872	904,045
County Portion CEDIT Econ Dev	779,051	-	331,879	447,172
Library PTRC / CEDIT Fund	2,973,416	1,706,629	2,747,219	1,932,826
City/Town Court Costs	-	19,368	19,491	(123)
Clerk's Records Perpetuation	58,003	21,451	31,494	47,960
Community Corrections Project Inc	142,742	866,805	956,790	52,757
Congressional Interest	24,732	44	24,776	-
Congressional Principal	10,744	-	10,744	-
County Sales Disclosure	3,358	9,875	9,695	3,538
Cumulative Bridge	1,335,190	1,524,645	1,657,395	1,202,440
County Cumulative Capital Development	489,846	989,885	1,070,005	409,726
Drug Free Community	119,245	78,865	71,735	126,375
Electronic Mapping GIS	21	-	-	21
Emergency Plan/RTK	9,635	-	2,430	7,205
E911 Operating	609,246	630,000	329,533	909,713
Firearms Training	19,339	45,370	54,971	9,738
General Drain Improvement	959,948	160,937	86,432	1,034,453
County Health	105,035	421,583	339,128	187,490
County ID Security	102,327	7,658	13,461	96,524
Excess Levy	-	200,243	200,243	-
Local Road & Street	760,550	567,399	640,658	687,291
LOIT Public Safety	1,508,234	1,838,857	2,172,564	1,174,527
County Misdemeanant	35,986	34,013	34,013	35,986
Motor Vehicle Highway	579,417	3,873,130	3,309,641	1,142,906
Auditor's Transfer Fee	28,191	17,570	12,296	33,465
Rainy Day Fund	3,992,641	750,000	995,000	3,747,641
2009 Reassessment	30,144	-	30,144	-
2015 Reassessment	409,008	364,114	234,993	538,129
Recorder Perpetuation	274,893	178,674	183,915	269,652
Sex & Violent Offender	1,474	945	1,995	424
Solid Waste Agency	3,746	5,451	1,754	7,443
Supplemental Public Defender	202,626	65,983	21,748	246,861
Surplus Tax	107,326	68,856	60,141	116,041
Cornerstone Perpetuation	47,390	15,635	16,015	47,010
Tax Sale Vendor Fees	1,640	7,525	7,390	1,775
Tax Sale Redemption	67,684	267,585	266,857	68,412
Tax Sale Surplus	1,494,266	784,254	1,673,259	605,261
New Tobacco Money	139,282	16,228	17,050	138,460
Unsafe Building Fund	2,185	-	-	2,185
CAR-1 Victim Assistance	520	-	-	520
GAL/CASA Services	1,290	8,144	9,404	30
Elected Officials Training	9,903	7,697	2,397	15,203
Hancock County E911	62,047	1,180,336	1,090,476	151,907
Juvenile Probation	3,777	10,454	2,101	12,130
Supplemental Adult Probation	60,639	207,524	234,888	33,275
County User Fees	421,042	723,475	764,537	379,980
Drainage Maintenance	2,502,774	472,550	325,366	2,649,958
Health Department Donations	5,364	-	-	5,364
All Debt Service	2,496,551	4,786,372	4,490,358	2,792,565
Pension Trust Clearing	-	28,974	28,974	-
Settlement Account	23,610	76,048,473	76,072,083	-
LOIT Public Safety	-	3,392,061	3,392,061	-
Auto Excise Surtax	-	1,713,724	1,713,724	-
County Wheel Tax	120	231,732	230,652	1,200
CVET	469	440,191	440,660	-
Delinquent Weeds Assessment	400	14,096	14,096	400
Delinquent Sewer Assessment	-	84,808	84,808	-

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

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

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
Financial Institution Tax	-	47,353	47,353	-
HEA 1001-2008 State Homestead	(3,082)	-	15	(3,097)
LOIT Homestead	916,875	4,240,091	1,247,237	3,909,729
Fines & Forfeitures	2,937	11,260	12,790	1,407
Infraction Judgment	11,504	59,689	63,877	7,316
Overweight Vehicles	1,545	5,928	949	6,524
Special Death Benefit	415	4,976	4,706	685
State Sales Disclosures	2,323	9,875	9,695	2,503
Coroner Education Fees	401	6,146	5,968	579
Interstate Transfer Fee	163	562	625	100
State Mortgage Fee	1,778	10,190	10,383	1,585
State Offender in Sex & Violent	-	105	110	(5)
Military Fines	2,095	-	-	2,095
Food & Beverage Tax	755,661	454,113	227,161	982,613
Inheritance Tax	1,557,587	1,336,518	2,728,631	165,474
Education Plate	584	1,744	1,706	622
Riverboat Sharing Fund	-	414,686	414,686	-
Tourism Commission	10,657	277,786	273,210	15,233
CAGIT Cert Shares / PTRC	5,452	16,960,331	16,965,783	-
CEDIT Special Tax	5,420	-	-	5,420
93.563 Prosecutor IV-D Incentive ARRA	42,126	-	-	42,126
93.563 Clerk IV-D Incentive ARRA Funding	4,752	-	4,752	-
93.563 Title IV-D General	86,736	23,861	-	110,597
Prosecutor Incentive (10-01-99)	27,278	35,897	57,603	5,572
93.563 Clerk Incentive	15,823	-	-	15,823
Clerk Incentive (10-01-99)	62,323	25,445	12,986	74,782
CAR-1 Shop With a Cop	9,565	18,199	10,908	16,856
CAR-1 Sheriff Chaplaincy Fund	155	1	-	156
Stormwater	10	1,838	1,838	10
CAR-1 Redevelopment Allocation Fund	706,122	779,041	346,887	1,138,276
CAR-1-135204 Redevelopment Bond Principal & Interest	96,801	346,887	443,688	-
CAR-1-135204 Redevelopment Debt Service Reserve	1,072,800	-	-	1,072,800
CAR-1 135204 Redevelopment Capital	5,391,860	23,972	1,469,040	3,946,792
CAR-1 ISETS Clerk	13,193	880,487	880,815	12,865
CAR-1 Inmate Trust	8,451	278,136	280,835	5,752
CAR-1 Sheriff Department Commissary	112,919	132,541	193,630	51,830
Commissioners Surplus Tax Sale	-	29,426	18,959	10,467
ADA Drug Screen Probation	35,139	38,440	24,934	48,645
Assessment Training Fnd	34,271	9,695	5,642	38,324
Superior I Trans	1,215	4,897	4,570	1,542
Superior II Trans	32	1,762	1,762	32
Circuit Crt Trans	634	-	-	634
Jury Pay Fund	27,711	9,099	19,704	17,106
City & Town General	3,863	-	-	3,863
Comm Corrections Vending	130,998	71,798	112,194	90,602
County Payroll	1,419,561	5,711,938	5,589,800	1,541,699
Health Claims Fund	65,331	1,700,000	1,633,189	132,142
Public Hlth H1N1 Ill Fed	90	-	-	90
D.A.R.E. Fund	451	-	-	451
Bureau Of Justice Assist	496	-	2,345	(1,849)
Jag Grant (Drug Court)	1,955	16,534	16,534	1,955
Pace Grant- Drug Interd	53,773	65,398	41,783	77,388
Hancock Area Rural Tran	-	224,245	224,245	-
MRC-Medical Reserve Corp	8,841	4,441	8,076	5,206
Public Hlth Emerg H1N1	51	-	-	51
Health Maint Grant	54,094	48,859	42,238	60,715
Bio-Terrorism Grant	31,587	42,695	41,261	33,021
Community Corr Fiscal	21,907	273,072	294,869	110
State Homeland Security	2,302	-	-	2,302
IDEM Grant	68	-	-	68
OPO- DUI K8-\$10000	2,334	7,837	7,820	2,351
OPO-BCC -PT \$20000	(529)	17,910	17,322	59

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

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

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13
Sheriff Equitable Share	52,876	-	52,876	-
ICJI Madd Dist PBT	1,500	-	-	1,500
97.042 Emergency Mngmt	-	3,910	3,910	-
JAIB Jobs Grant	395	-	-	395
11.557 Date Share Int	1,333	2,000	1,961	1,372
HAVA-Section 2 (2004-2011)	22,151	-	-	22,151
HAVA-Section 1 (2006)	9,847	-	-	9,847
Metro Drug Fed Grant OT	7,377	-	7,324	53
20.615 Digital Recorder/Logger	20,422	-	-	20,422
Indiana Youth Institute Grant	-	542	542	-
93.008 NACCHO Grant	-	4,000	-	4,000
S-2013-06 CT Alcohol Drug	-	988	976	12
93.069 CRI-Cities Readiness	-	49,522	49,522	-
93.069 Public Health Preparedness	-	18,280	18,280	-
Totals	\$ 42,766,099	\$ 162,010,009	\$ 161,321,423	\$ 43,454,685

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

HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

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

E. Disbursements

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

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

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

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

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

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

HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The County may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the County. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the County. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the County in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the County submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the County in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the County to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The County may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the County to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

Indiana Public Retirement System
1 North Capitol Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

B. County Police Retirement Plan

Plan Description

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

Funding Policy

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

C. County Police Benefit Plan

Plan Description

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

Funding Policy

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This was a result of over-payments to State and local units and will be corrected during the June 2014 settlement. There was also a reimbursement grant fund that had a negative cash balance at December 31, 2013. The reimbursements for expenditures made by the County were not received by December 31, 2013.

HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. Restatements

For the year ended December 31, 2013, the financial activity of the CAR-1 Purdue Extension Fund will not be included in the Hancock County Financial Statement. Rather, the financial activity for Purdue Extension for the year ended December 31, 2013, will be included in the Purdue University Audit Report. However, the activity of the CAR-1 Purdue Extension Fund was included in the prior-year financial statement. Because we have excluded the Purdue Extension Fund activity from the County's 2013 Financial Statement, the ending 2012 total fund balance exceeds the beginning 2013 total fund balance. The following comparative schedule illustrates the results of excluding the CAR-1 Purdue Extension Fund from the 2013 Financial Statement and the effect on the comparative total fund balance.

<u>Fund Name</u>	<u>Balance as of December 31, 2012</u>	<u>Prior Period Adjustment</u>	<u>Balance as of January 1, 2013</u>
CAR-1 Purdue Extension	\$ 20,578	\$ (20,578)	\$ -
Total fund balance	<u>\$ 42,786,677</u>	<u>\$ (20,578)</u>	<u>\$ 42,766,099</u>

Note 9. Other Postemployment Benefits

The County provides to eligible retirees and their spouses health insurance benefits. Eligible retired employees and elected officials are responsible for 50 percent of the premiums and the County is responsible for the remaining 50 percent. These benefits pose a liability to the County for this year and in future years. Information regarding the benefits can be obtained by contacting the County.

Note 10. Combined Funds

Funds related to the Stormwater and General Drain Improvement were reported individually in the current financial statement but were combined into one fund for the prior financial statement.

SUPPLEMENTARY INFORMATION – UNAUDITED

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

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

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

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

	CAR-1 Treasurer After Settlement	CAR-1 Clerk/Court Trust Account	County General	Accident Report	Bids Bonds Deposits	CAGIT County Certified	County Portion CEDIT Econ Dev
Cash and investments - beginning	\$ 2,400,257	\$ 1,566,912	\$ 2,806,063	\$ 1,854	\$ 38,641	\$ -	\$ 779,051
Receipts:							
Taxes	-	-	6,742,511	-	-	-	-
Licenses and permits	-	-	322,119	-	-	-	-
Intergovernmental	-	-	1,291,369	-	-	-	-
Charges for services	-	-	497,780	-	-	-	-
Fines and forfeits	-	-	344,400	-	-	-	-
Other receipts	2,575,460	4,557,481	611,258	6,869	121,711	5,303,917	-
Total receipts	2,575,460	4,557,481	9,809,437	6,869	121,711	5,303,917	-
Disbursements:							
Personal services	-	-	6,279,581	-	-	3,738,357	-
Supplies	-	-	12,068	-	-	114,549	289,879
Other services and charges	-	-	2,597,871	-	-	538,023	42,000
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	7,869	-
Other disbursements	2,400,257	4,643,755	430,338	6,426	57,311	1,074	-
Total disbursements	2,400,257	4,643,755	9,319,858	6,426	57,311	4,399,872	331,879
Excess (deficiency) of receipts over disbursements	175,203	(86,274)	489,579	443	64,400	904,045	(331,879)
Cash and investments - ending	\$ 2,575,460	\$ 1,480,638	\$ 3,295,642	\$ 2,297	\$ 103,041	\$ 904,045	\$ 447,172

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

	Library PTRC / CEDIT Fund	City/Town Court Costs	Clerk's Records Perpetuation	Community Corrections Project Inc	Congressional Interest	Congressional Principal	County Sales Disclosure
Cash and investments - beginning	\$ 2,973,416	\$ -	\$ 58,003	\$ 142,742	\$ 24,732	\$ 10,744	\$ 3,358
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	1,335	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	<u>1,706,629</u>	<u>19,368</u>	<u>20,116</u>	<u>866,805</u>	<u>44</u>	<u>-</u>	<u>9,875</u>
Total receipts	<u>1,706,629</u>	<u>19,368</u>	<u>21,451</u>	<u>866,805</u>	<u>44</u>	<u>-</u>	<u>9,875</u>
Disbursements:							
Personal services	-	-	15,312	605,849	-	-	-
Supplies	-	-	811	36,194	-	-	-
Other services and charges	-	-	3,485	20,580	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	11,886	8,738	-	-	-
Other disbursements	<u>2,747,219</u>	<u>19,491</u>	<u>-</u>	<u>285,429</u>	<u>24,776</u>	<u>10,744</u>	<u>9,695</u>
Total disbursements	<u>2,747,219</u>	<u>19,491</u>	<u>31,494</u>	<u>956,790</u>	<u>24,776</u>	<u>10,744</u>	<u>9,695</u>
Excess (deficiency) of receipts over disbursements	<u>(1,040,590)</u>	<u>(123)</u>	<u>(10,043)</u>	<u>(89,985)</u>	<u>(24,732)</u>	<u>(10,744)</u>	<u>180</u>
Cash and investments - ending	<u>\$ 1,932,826</u>	<u>\$ (123)</u>	<u>\$ 47,960</u>	<u>\$ 52,757</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,538</u>

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

	Cumulative Bridge	County Cumulative Capital Development	Drug Free Community	Electronic Mapping GIS	Emergency Plan/RTK	E911 Operating	Firearms Training
Cash and investments - beginning	\$ 1,335,190	\$ 489,846	\$ 119,245	\$ 21	\$ 9,635	\$ 609,246	\$ 19,339
Receipts:							
Taxes	1,323,188	882,125	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	139,734	93,156	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	3,676	-	-	-	-
Other receipts	61,723	14,604	75,189	-	-	630,000	45,370
Total receipts	<u>1,524,645</u>	<u>989,885</u>	<u>78,865</u>	<u>-</u>	<u>-</u>	<u>630,000</u>	<u>45,370</u>
Disbursements:							
Personal services	-	-	27,107	-	-	147,974	-
Supplies	8,148	-	-	-	-	5,076	-
Other services and charges	15,000	-	44,628	-	2,430	132,152	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	1,634,247	1,070,005	-	-	-	44,331	-
Other disbursements	-	-	-	-	-	-	54,971
Total disbursements	<u>1,657,395</u>	<u>1,070,005</u>	<u>71,735</u>	<u>-</u>	<u>2,430</u>	<u>329,533</u>	<u>54,971</u>
Excess (deficiency) of receipts over disbursements	<u>(132,750)</u>	<u>(80,120)</u>	<u>7,130</u>	<u>-</u>	<u>(2,430)</u>	<u>300,467</u>	<u>(9,601)</u>
Cash and investments - ending	<u>\$ 1,202,440</u>	<u>\$ 409,726</u>	<u>\$ 126,375</u>	<u>\$ 21</u>	<u>\$ 7,205</u>	<u>\$ 909,713</u>	<u>\$ 9,738</u>

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

	General Drain Improvement	County Health	County ID Security	Excess Levy	Local Road & Street	LOIT Public Safety	County Misdemeanant
Cash and investments - beginning	\$ 959,948	\$ 105,035	\$ 102,327	\$ -	\$ 760,550	\$ 1,508,234	\$ 35,986
Receipts:							
Taxes	28,533	267,311	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	28,205	-	-	548,499	-	-
Charges for services	-	123,145	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	132,404	2,922	7,658	200,243	18,900	1,838,857	34,013
Total receipts	<u>160,937</u>	<u>421,583</u>	<u>7,658</u>	<u>200,243</u>	<u>567,399</u>	<u>1,838,857</u>	<u>34,013</u>
Disbursements:							
Personal services	-	304,399	-	-	-	422,312	-
Supplies	-	16,158	-	-	9,869	74,682	-
Other services and charges	-	18,571	13,461	-	630,789	925,570	34,013
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	86,432	-	-	200,243	-	750,000	-
Total disbursements	<u>86,432</u>	<u>339,128</u>	<u>13,461</u>	<u>200,243</u>	<u>640,658</u>	<u>2,172,564</u>	<u>34,013</u>
Excess (deficiency) of receipts over disbursements	<u>74,505</u>	<u>82,455</u>	<u>(5,803)</u>	<u>-</u>	<u>(73,259)</u>	<u>(333,707)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,034,453</u>	<u>\$ 187,490</u>	<u>\$ 96,524</u>	<u>\$ -</u>	<u>\$ 687,291</u>	<u>\$ 1,174,527</u>	<u>\$ 35,986</u>

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

	Motor Vehicle Highway	Auditor's Transfer Fee	Rainy Day Fund	2009 Reassessment	2015 Reassessment	Recorder Perpetuation	Sex & Violent Offender
Cash and investments - beginning	\$ 579,417	\$ 28,191	\$ 3,992,641	\$ 30,144	\$ 409,008	\$ 274,893	\$ 1,474
Receipts:							
Taxes	-	-	-	-	302,061	-	-
Licenses and permits	22,483	-	-	-	-	-	-
Intergovernmental	3,795,557	-	-	-	31,909	-	-
Charges for services	3,062	17,175	-	-	-	-	945
Fines and forfeits	400	-	-	-	-	-	-
Other receipts	51,628	395	750,000	-	30,144	178,674	-
Total receipts	<u>3,873,130</u>	<u>17,570</u>	<u>750,000</u>	<u>-</u>	<u>364,114</u>	<u>178,674</u>	<u>945</u>
Disbursements:							
Personal services	1,591,505	12,291	-	-	177,587	97,439	-
Supplies	1,089,068	-	-	-	5,905	4,515	-
Other services and charges	403,211	-	-	-	23,387	-	1,995
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	225,857	-	995,000	-	28,114	-	-
Other disbursements	-	5	-	30,144	-	81,961	-
Total disbursements	<u>3,309,641</u>	<u>12,296</u>	<u>995,000</u>	<u>30,144</u>	<u>234,993</u>	<u>183,915</u>	<u>1,995</u>
Excess (deficiency) of receipts over disbursements	<u>563,489</u>	<u>5,274</u>	<u>(245,000)</u>	<u>(30,144)</u>	<u>129,121</u>	<u>(5,241)</u>	<u>(1,050)</u>
Cash and investments - ending	<u>\$ 1,142,906</u>	<u>\$ 33,465</u>	<u>\$ 3,747,641</u>	<u>\$ -</u>	<u>\$ 538,129</u>	<u>\$ 269,652</u>	<u>\$ 424</u>

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

	Solid Waste Agency	Supplemental Public Defender	Surplus Tax	Cornerstone Perpetuation	Tax Sale Vendor Fees	Tax Sale Redemption	Tax Sale Surplus
Cash and investments - beginning	\$ 3,746	\$ 202,626	\$ 107,326	\$ 47,390	\$ 1,640	\$ 67,684	\$ 1,494,266
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	7,525	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	5,451	65,983	68,856	15,635	-	267,585	784,254
Total receipts	<u>5,451</u>	<u>65,983</u>	<u>68,856</u>	<u>15,635</u>	<u>7,525</u>	<u>267,585</u>	<u>784,254</u>
Disbursements:							
Personal services	-	21,748	-	5,096	-	-	-
Supplies	-	-	-	1,370	-	-	-
Other services and charges	1,754	-	-	495	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	9,054	-	-	-
Other disbursements	-	-	60,141	-	7,390	266,857	1,673,259
Total disbursements	<u>1,754</u>	<u>21,748</u>	<u>60,141</u>	<u>16,015</u>	<u>7,390</u>	<u>266,857</u>	<u>1,673,259</u>
Excess (deficiency) of receipts over disbursements	<u>3,697</u>	<u>44,235</u>	<u>8,715</u>	<u>(380)</u>	<u>135</u>	<u>728</u>	<u>(889,005)</u>
Cash and investments - ending	<u>\$ 7,443</u>	<u>\$ 246,861</u>	<u>\$ 116,041</u>	<u>\$ 47,010</u>	<u>\$ 1,775</u>	<u>\$ 68,412</u>	<u>\$ 605,261</u>

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

	New Tobacco Money	Unsafe Building Fund	CAR-1 Victim Assistance	GAL/CASA Services	Elected Officials Training	Hancock County E911	Juvenile Probation
Cash and investments - beginning	\$ 139,282	\$ 2,185	\$ 520	\$ 1,290	\$ 9,903	\$ 62,047	\$ 3,777
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	3,413	-	-	-
Charges for services	-	-	-	-	-	655,678	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	16,228	-	-	4,731	7,697	524,658	10,454
Total receipts	16,228	-	-	8,144	7,697	1,180,336	10,454
Disbursements:							
Personal services	14,626	-	-	-	-	1,010,912	2,101
Supplies	235	-	-	-	-	-	-
Other services and charges	2,189	-	-	9,404	2,397	79,564	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	17,050	-	-	9,404	2,397	1,090,476	2,101
Excess (deficiency) of receipts over disbursements	(822)	-	-	(1,260)	5,300	89,860	8,353
Cash and investments - ending	\$ 138,460	\$ 2,185	\$ 520	\$ 30	\$ 15,203	\$ 151,907	\$ 12,130

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

	Supplemental Adult Probation	County User Fees	Drainage Maintenance	Health Department Donations	All Debt Service	Pension Trust Clearing	Settlement Account
Cash and investments - beginning	\$ 60,639	\$ 421,042	\$ 2,502,774	\$ 5,364	\$ 2,496,551	\$ -	\$ 23,610
Receipts:							
Taxes	-	-	451,771	-	1,523,671	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	162,765	-	-
Charges for services	-	27,053	-	-	-	-	-
Fines and forfeits	-	646,407	-	-	-	-	-
Other receipts	207,524	50,015	20,779	-	3,099,936	28,974	76,048,473
Total receipts	207,524	723,475	472,550	-	4,786,372	28,974	76,048,473
Disbursements:							
Personal services	180,173	395,483	-	-	-	-	-
Supplies	-	14,934	-	-	-	-	-
Other services and charges	54,715	320,066	-	-	52,179	-	-
Debt service - principal and interest	-	-	-	-	2,432,248	-	-
Capital outlay	-	-	-	-	1,066,160	-	-
Other disbursements	-	34,054	325,366	-	939,771	28,974	76,072,083
Total disbursements	234,888	764,537	325,366	-	4,490,358	28,974	76,072,083
Excess (deficiency) of receipts over disbursements	(27,364)	(41,062)	147,184	-	296,014	-	(23,610)
Cash and investments - ending	\$ 33,275	\$ 379,980	\$ 2,649,958	\$ 5,364	\$ 2,792,565	\$ -	\$ -

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

	LOIT Public Safety	Auto Excise Surtax	County Wheel Tax	CVET	Delinquent Weeds Assessment	Delinquent Sewer Assessment	Financial Institution Tax
Cash and investments - beginning	\$ -	\$ -	\$ 120	\$ 469	\$ 400	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	208,936	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	<u>3,392,061</u>	<u>1,713,724</u>	<u>22,796</u>	<u>440,191</u>	<u>14,096</u>	<u>84,808</u>	<u>47,353</u>
Total receipts	<u>3,392,061</u>	<u>1,713,724</u>	<u>231,732</u>	<u>440,191</u>	<u>14,096</u>	<u>84,808</u>	<u>47,353</u>
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	<u>3,392,061</u>	<u>1,713,724</u>	<u>230,652</u>	<u>440,660</u>	<u>14,096</u>	<u>84,808</u>	<u>47,353</u>
Total disbursements	<u>3,392,061</u>	<u>1,713,724</u>	<u>230,652</u>	<u>440,660</u>	<u>14,096</u>	<u>84,808</u>	<u>47,353</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>1,080</u>	<u>(469)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,200</u>	<u>\$ -</u>	<u>\$ 400</u>	<u>\$ -</u>	<u>\$ -</u>

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

	HEA 1001-2008 State Homestead	LOIT Homestead	Fines & Forfeitures	Infraction Judgment	Overweight Vehicles	Special Death Benefit	State Sales Disclosures
Cash and investments - beginning	\$ (3,082)	\$ 916,875	\$ 2,937	\$ 11,504	\$ 1,545	\$ 415	\$ 2,323
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	849	-	-
Other receipts	-	4,240,091	11,260	59,689	5,079	4,976	9,875
Total receipts	-	4,240,091	11,260	59,689	5,928	4,976	9,875
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	15	1,247,237	12,790	63,877	949	4,706	9,695
Total disbursements	15	1,247,237	12,790	63,877	949	4,706	9,695
Excess (deficiency) of receipts over disbursements	(15)	2,992,854	(1,530)	(4,188)	4,979	270	180
Cash and investments - ending	\$ (3,097)	\$ 3,909,729	\$ 1,407	\$ 7,316	\$ 6,524	\$ 685	\$ 2,503

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

	Coroner Education Fees	Interstate Transfer Fee	State Mortgage Fee	State Offender in Sex & Violent	Military Fines	Food & Beverage Tax	Inheritance Tax
Cash and investments - beginning	\$ 401	\$ 163	\$ 1,778	\$ -	\$ 2,095	\$ 755,661	\$ 1,557,587
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	5,810	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	336	562	10,190	105	-	454,113	1,336,518
Total receipts	6,146	562	10,190	105	-	454,113	1,336,518
Disbursements:							
Personal services	-	-	-	-	-	9,464	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	51,911	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	621	-
Other disbursements	5,968	625	10,383	110	-	165,165	2,728,631
Total disbursements	5,968	625	10,383	110	-	227,161	2,728,631
Excess (deficiency) of receipts over disbursements	178	(63)	(193)	(5)	-	226,952	(1,392,113)
Cash and investments - ending	\$ 579	\$ 100	\$ 1,585	\$ (5)	\$ 2,095	\$ 982,613	\$ 165,474

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

	Education Plate	Riverboat Sharing Fund	Tourism Commission	CAGIT Cert Shares / PTRC	CEDIT Special Tax	93.563 Prosecutor IV-D Incentive ARRA	93.563 Clerk IV-D Incentive ARRA Funding
Cash and investments - beginning	\$ 584	\$ -	\$ 10,657	\$ 5,452	\$ 5,420	\$ 42,126	\$ 4,752
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	1,744	414,686	277,786	16,960,331	-	-	-
Total receipts	<u>1,744</u>	<u>414,686</u>	<u>277,786</u>	<u>16,960,331</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:							
Personal services	-	-	65,479	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	1,706	414,686	207,731	16,965,783	-	-	4,752
Total disbursements	<u>1,706</u>	<u>414,686</u>	<u>273,210</u>	<u>16,965,783</u>	<u>-</u>	<u>-</u>	<u>4,752</u>
Excess (deficiency) of receipts over disbursements	<u>38</u>	<u>-</u>	<u>4,576</u>	<u>(5,452)</u>	<u>-</u>	<u>-</u>	<u>(4,752)</u>
Cash and investments - ending	<u>\$ 622</u>	<u>\$ -</u>	<u>\$ 15,233</u>	<u>\$ -</u>	<u>\$ 5,420</u>	<u>\$ 42,126</u>	<u>\$ -</u>

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

	93.563 Title IV-D General	Prosecutor Incentive (10-01-99)	93.563 Clerk Incentive	Clerk Incentive (10-01-99)	CAR-1 Shop With a Cop	CAR-1 Sheriff Chaplaincy Fund	Stormwater
Cash and investments - beginning	\$ 86,736	\$ 27,278	\$ 15,823	\$ 62,323	\$ 9,565	\$ 155	\$ 10
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	1,838
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	23,861	35,897	-	25,445	18,199	1	-
Total receipts	23,861	35,897	-	25,445	18,199	1	1,838
Disbursements:							
Personal services	-	57,603	-	6,287	-	-	-
Supplies	-	-	-	295	-	-	-
Other services and charges	-	-	-	4,248	-	-	1,838
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	1,969	-	-	-
Other disbursements	-	-	-	187	10,908	-	-
Total disbursements	-	57,603	-	12,986	10,908	-	1,838
Excess (deficiency) of receipts over disbursements	23,861	(21,706)	-	12,459	7,291	1	-
Cash and investments - ending	\$ 110,597	\$ 5,572	\$ 15,823	\$ 74,782	\$ 16,856	\$ 156	\$ 10

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

	CAR-1 Redevelopment Allocation Fund	CAR-1-135204 Redevelopment Bond Principal & Interest	CAR-1-135204 Redevelopment Debt Service Reserve	CAR-1 135204 Redevelopment Capital	CAR-1 ISETS Clerk	CAR-1 Inmate Trust	CAR-1 Sheriff Department Commissary
Cash and investments - beginning	\$ 706,122	\$ 96,801	\$ 1,072,800	\$ 5,391,860	\$ 13,193	\$ 8,451	\$ 112,919
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	779,041	346,887	-	23,972	880,487	278,136	132,541
Total receipts	779,041	346,887	-	23,972	880,487	278,136	132,541
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	346,887	443,688	-	1,469,040	880,815	280,835	193,630
Total disbursements	346,887	443,688	-	1,469,040	880,815	280,835	193,630
Excess (deficiency) of receipts over disbursements	432,154	(96,801)	-	(1,445,068)	(328)	(2,699)	(61,089)
Cash and investments - ending	\$ 1,138,276	\$ -	\$ 1,072,800	\$ 3,946,792	\$ 12,865	\$ 5,752	\$ 51,830

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

	Commissioners Surplus Tax Sale	ADA Drug Screen Probation	Assessment Training Fnd	Superior I Trans	Superior II Trans	Circuit Crt Trans	Jury Pay Fund
Cash and investments - beginning	\$ -	\$ 35,139	\$ 34,271	\$ 1,215	\$ 32	\$ 634	\$ 27,711
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	<u>29,426</u>	<u>38,440</u>	<u>9,695</u>	<u>4,897</u>	<u>1,762</u>	<u>-</u>	<u>9,099</u>
Total receipts	<u>29,426</u>	<u>38,440</u>	<u>9,695</u>	<u>4,897</u>	<u>1,762</u>	<u>-</u>	<u>9,099</u>
Disbursements:							
Personal services	-	-	-	4,441	1,762	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	24,934	-	-	-	-	19,704
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	<u>18,959</u>	<u>-</u>	<u>5,642</u>	<u>129</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>18,959</u>	<u>24,934</u>	<u>5,642</u>	<u>4,570</u>	<u>1,762</u>	<u>-</u>	<u>19,704</u>
Excess (deficiency) of receipts over disbursements	<u>10,467</u>	<u>13,506</u>	<u>4,053</u>	<u>327</u>	<u>-</u>	<u>-</u>	<u>(10,605)</u>
Cash and investments - ending	<u>\$ 10,467</u>	<u>\$ 48,645</u>	<u>\$ 38,324</u>	<u>\$ 1,542</u>	<u>\$ 32</u>	<u>\$ 634</u>	<u>\$ 17,106</u>

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

	City & Town General	Comm Corrections Vending	County Payroll	Health Claims Fund	Public Hlth H1N1 III Fed	D.A.R.E. Fund	Bureau Of Justice Assist
Cash and investments - beginning	\$ 3,863	\$ 130,998	\$ 1,419,561	\$ 65,331	\$ 90	\$ 451	\$ 496
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	71,798	5,711,938	1,700,000	-	-	-
Total receipts	-	71,798	5,711,938	1,700,000	-	-	-
Disbursements:							
Personal services	-	-	1,469,399	-	-	-	2,345
Supplies	-	-	-	-	-	-	-
Other services and charges	-	112,194	-	1,633,189	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	4,120,401	-	-	-	-
Total disbursements	-	112,194	5,589,800	1,633,189	-	-	2,345
Excess (deficiency) of receipts over disbursements	-	(40,396)	122,138	66,811	-	-	(2,345)
Cash and investments - ending	\$ 3,863	\$ 90,602	\$ 1,541,699	\$ 132,142	\$ 90	\$ 451	\$ (1,849)

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

	Jag Grant (Drug Court)	Pace Grant- Drug Interd	Hancock Area Rural Tran	MRC-Medical Reserve Corp	Public Hlth Emerg H1N1	Health Maint Grant	Bio-Terrorism Grant
Cash and investments - beginning	\$ 1,955	\$ 53,773	\$ -	\$ 8,841	\$ 51	\$ 54,094	\$ 31,587
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	10,416	32,210	47,566	1,235	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	6,118	33,188	176,679	3,206	-	48,859	42,695
Total receipts	16,534	65,398	224,245	4,441	-	48,859	42,695
Disbursements:							
Personal services	15,729	41,783	-	-	-	22,807	-
Supplies	-	-	-	1,772	-	18,829	-
Other services and charges	805	-	224,245	6,304	-	602	41,261
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	16,534	41,783	224,245	8,076	-	42,238	41,261
Excess (deficiency) of receipts over disbursements	-	23,615	-	(3,635)	-	6,621	1,434
Cash and investments - ending	\$ 1,955	\$ 77,388	\$ -	\$ 5,206	\$ 51	\$ 60,715	\$ 33,021

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

	Community Corr Fiscal	State Homeland Security	IDEM Grant	OPO- DUI K8-\$10000	OPO-BCC -PT \$20000	Sheriff Equitable Share	ICJI Madd Dist PBT
Cash and investments - beginning	\$ 21,907	\$ 2,302	\$ 68	\$ 2,334	\$ (529)	\$ 52,876	\$ 1,500
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	273,072	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	7,837	17,910	-	-
Total receipts	273,072	-	-	7,837	17,910	-	-
Disbursements:							
Personal services	236,111	-	-	1,243	5,221	-	-
Supplies	26,767	-	-	-	-	-	-
Other services and charges	8,790	-	-	6,577	12,101	52,876	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	23,201	-	-	-	-	-	-
Total disbursements	294,869	-	-	7,820	17,322	52,876	-
Excess (deficiency) of receipts over disbursements	(21,797)	-	-	17	588	(52,876)	-
Cash and investments - ending	\$ 110	\$ 2,302	\$ 68	\$ 2,351	\$ 59	\$ -	\$ 1,500

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

	97.042 Emergency Mngmt	JAIB Jobs Grant	11.557 Date Share Int	HAVA-Section 2 (2004-2011)	HAVA-Section 1 (2006)	Metro Drug Fed Grant OT	20.615 Digital Recorder/Logger
Cash and investments - beginning	\$ -	\$ 395	\$ 1,333	\$ 22,151	\$ 9,847	\$ 7,377	\$ 20,422
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	3,910	-	2,000	-	-	-	-
Total receipts	3,910	-	2,000	-	-	-	-
Disbursements:							
Personal services	-	-	-	-	-	7,324	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	1,961	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	3,910	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	3,910	-	1,961	-	-	7,324	-
Excess (deficiency) of receipts over disbursements	-	-	39	-	-	(7,324)	-
Cash and investments - ending	\$ -	\$ 395	\$ 1,372	\$ 22,151	\$ 9,847	\$ 53	\$ 20,422

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

	Indiana Youth Institute Grant	93.008 NACCHO Grant	S-2013-06 CT Alcohol Drug	93.069 CRI-Cities Readiness	93.069 Public Health Preparedness	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,766,099
Receipts:						
Taxes	-	-	-	-	-	11,521,171
Licenses and permits	-	-	-	-	-	344,602
Intergovernmental	542	-	-	-	-	6,669,919
Charges for services	-	-	-	-	-	1,340,011
Fines and forfeits	-	-	-	-	-	995,732
Other receipts	-	4,000	988	49,522	18,280	141,138,574
Total receipts	542	4,000	988	49,522	18,280	162,010,009
Disbursements:						
Personal services	-	-	-	-	-	16,996,850
Supplies	-	-	-	-	-	1,731,124
Other services and charges	-	-	-	49,522	18,280	8,241,271
Debt service - principal and interest	-	-	-	-	-	2,432,248
Capital outlay	-	-	-	-	-	5,107,761
Other disbursements	542	-	976	-	-	126,812,169
Total disbursements	542	-	976	49,522	18,280	161,321,423
Excess (deficiency) of receipts over disbursements	-	4,000	12	-	-	688,586
Cash and investments - ending	\$ -	\$ 4,000	\$ 12	\$ -	\$ -	\$ 43,454,685

HANCOCK COUNTY
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2013

Government	Accounts Payable	Accounts Receivable
Governmental activities	<u>\$ 29,473</u>	<u>\$ -</u>

HANCOCK COUNTY
SCHEDULE OF LEASES AND DEBT
December 31, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
ES & S	Mobile Broadband Router with VPN Capability	\$ 1,876	01-01-14	12-31-18
ES & S	Network Cable	72	01-01-14	12-31-18
ES & S	Express poll 5000 w/2GB Flash Card Power Cord Power Brick Stylus Case EZ Roster Software Shipping/Handling & Acceptance Testing	11,846	01-01-14	12-31-18
ES & S	Administrator Card	11	01-01-14	12-31-18
ES & S	Compact Printer with Firmware	15,336	01-01-14	12-31-18
ES & S	Laptop Computer/One Per Polling Location	7,861	01-01-14	12-31-18
ES & S	Linear & 2D Bar Code Scanner w/Cable	5,312	01-01-14	12-31-18
ES & S	Signature Pad	3,231	01-01-14	12-31-18
ES & S	Compact Flash Card Reader	<u>16</u>	01-01-14	12-31-18
Total of annual lease payments		<u>\$ 45,561</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	GO 2005 County Courthouse Renovation and Other Activities	\$ 395,000	\$ 401,715
General obligation bonds	GO Bond 2007 Emergency Operations Center and Other Usages	1,105,000	762,838
General obligation bonds	GO Bond 2011 Capital Expenditures/Gallahue Judgment/Jail Locking System/Dispatch Consoles	965,000	125,850
General obligation bonds	GO Bond 2013 LandAcquisition/VoteCenters/Reimbursements to Rainy Day/County Vehicles/Capital Needs & Improvements	1,995,000	199,727
Revenue bonds	Revenue Bond of 2011 Purchase of Enhanced 911 AT & T	895,000	113,994
Revenue bonds	2009 Redevelopment Bond District Bonds	<u>10,720,000</u>	<u>508,688</u>
Totals		<u>\$ 16,075,000</u>	<u>\$ 2,112,812</u>

HANCOCK COUNTY
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2013

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	Ending Balance
Governmental activities:	
Land	\$ 719,700
Infrastructure	254,049,930
Buildings	9,718,600
Improvements other than buildings	93,800
Machinery, equipment, and vehicles	13,591,622
Books and other	121,958
Total capital assets	\$ 278,295,610

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF HANCOCK COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited Hancock County's (County) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013. The County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

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

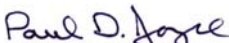
Report on Internal Control Over Compliance

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

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

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

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


Paul D. Joyce, CPA
State Examiner

June 3, 2014

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Commerce</u>				
Broadband Technology Opportunities Program GIS Data Share Initiative	Indiana Office of Technology	11.557	D20-2-7942	\$ 2,000
Total - Department of Commerce				<u>2,000</u>
<u>Department of Justice</u>				
JAG Program Cluster				
Edward Byrne Memorial Justice Assistance Grant Program JAG Hancock County Drug Court PACE	Indiana Criminal Justice Institute Henry County Sheriff Department	16.738	2011-DJ-BX-2622 D3-11-5944	16,534 <u>65,397</u>
Total - Edward Byrne Memorial Justice Assistance Grant Program				<u>81,931</u>
Total - JAG Program Cluster				<u>81,931</u>
Equitable Sharing Program Sheriff Equitable Share	Direct Grant	16.922	IN03000000	<u>52,876</u>
Total - Department of Justice				<u>134,807</u>
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster				
Highway Planning and Construction Fortville Pike/300 N Intersection Improvement Bridge Inspection Sign Replacement outside of MPA Sign Replacement in INDY MPA	Indiana Department of Transportation	20.205	DES #0710474 DES #1005718 DES #1172159 DES #1172485	7,816 16,433 57,459 <u>42,985</u>
Total - Highway Planning and Construction Cluster				<u>124,693</u>
Highway Safety Cluster				
State and Community Highway Safety OPO Hancock County Traffic Safety Partnership	Indiana Criminal Justice Institute	20.600	2013-402-01-1440	<u>17,911</u>
Alcohol Impaired Driving Countermeasures Incentive Grants I OPO-DUI Task Force10k	Indiana Criminal Justice Institute	20.601	2013-410-01-1514	<u>7,837</u>
Total - Highway Safety Cluster				<u>25,748</u>
Formula Grants for Rural Areas Hancock Area Rural Transit/Senior Services	Indiana Department of Transportation	20.509	18029560	<u>172,132</u>
Interagency Hazardous Materials Public Sector Training and Planning Grants LEPC - Local Emergency Planning Committee	Indiana Department of Homeland Security	20.703	EPCRA Act of 1986	<u>2,430</u>
Total - Department of Transportation				<u>325,003</u>

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

HANCOCK COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2013
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Health and Human Services</u>				
Public Health Emergency Preparedness	Indiana Department of Health	93.069		
Public Health Preparedness Bonus Grant			2U90TP517024-11	18,280
CRI - Cities Readiness Initiative			2U90TP517024-11	<u>49,522</u>
Total - Public Health Emergency Preparedness				<u>67,802</u>
Hospital Preparedness Program and Public Health Emergency	Indiana Department of Health	93.074		
Preparedness Aligned Cooperative Agreements				
Bio Terrorism Grant			1U90TP000521-01	42,695
MRC Medical Reserve Corp			1U90TP000521-01	<u>4,441</u>
Total - Hospital Preparedness Program and Public Health Emergency Preparedness Aligned Cooperative Agreements				<u>47,136</u>
Child Support Enforcement	Indiana Department of Child Services	93.563		
Title IV-D Clerk Incentive 10-01-99			1204IN4005	12,986
Title IV-D Prosecutor Incentive 10-01-99			1204IN4005	57,603
Indirect Costs			1304IN4005	46,595
Title IV-D Reimbursement General Fund - Clerk			1304IN4005	47,975
Title IV-D Reimbursement General Fund - Clerk			1404IN4005	11,109
Title IV-D Reimbursement General Fund - Prosecutor			1304IN4005	184,152
Title IV-D Reimbursement General Fund - Prosecutor			1404IN4005	29,474
Title IV-D Reimbursement - Clerk's Perpetuation			1304IN4005	2,791
Title IV-D Reimbursement - Clerk's Perpetuation			1404IN4005	<u>548</u>
Total - Child Support Enforcement				<u>393,233</u>
Total - Department of Health and Human Services				<u>508,171</u>
<u>Department of Homeland Security</u>				
Emergency Management Performance Grants	Indiana Department of Homeland Security	97.042		
Emergency Management Performance Grant			C44P-2-337A	12,769
Emergency Management Performance Grant			C44P-3-077B	<u>3,910</u>
Total - Emergency Management Performance Grants				<u>16,679</u>
Total - Department of Homeland Security				<u>16,679</u>
Total federal awards expended				<u>\$ 986,660</u>

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

HANCOCK COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the County and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the County provided federal awards to subrecipients as follows for the year ended December 31, 2013:

Program Title	Federal CFDA Number	2013
Formula Grants for Rural Areas	20.509	\$ 172,132

HANCOCK 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?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
93.563	Highway Planning and Construction Cluster Child Support Enforcement

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

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

OTHER REPORT

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