

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

FEDERAL SINGLE AUDIT REPORT

OF

HAMILTON COUNTY, INDIANA

January 1, 2015 to December 31, 2015



FILED
08/18/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Dawn Coverdale	01-01-13 to 12-31-16
County Treasurer	Jennifer Templeton	01-01-13 to 12-31-16
Clerk of the Circuit Court	Tammy Baitz	01-01-15 to 12-31-18
County Sheriff	Mark Bowen	01-01-15 to 12-31-18
President of the County Council	Paul Ayres Amy Massillamany	01-01-15 to 12-31-15 01-01-16 to 12-31-16
President of the Board of County Commissioners	Mark Heirbrandt Steven Dillinger	01-01-15 to 12-31-15 01-01-16 to 12-31-16



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

TO: THE OFFICIALS OF HAMILTON 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 statements of Hamilton County (County), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 6, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, 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 statements, 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 statements 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.

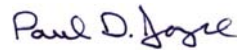
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are 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 6, 2016



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

TO: THE OFFICIALS OF HAMILTON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited Hamilton 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 also 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, 2015.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE
(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 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 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated June 6, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
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(Continued)

accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, 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 basic financial statements as a whole.


Paul D. Joyce, CPA
State Examiner

June 23, 2016, except for our report on
the Schedule of Expenditures of Federal
Awards, for which the date is June 6, 2016.

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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 prepared by management of the County. The schedule and notes are presented as intended by the County.

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

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed on To Subrecipients	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	FY 2015	\$ -	\$ 16,903
National School Lunch Program	10.555	FY 2015	-	24,070
Total for cluster			-	40,973
Total for federal grantor agency			-	40,973
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Direct Grant				
Community Development Block Grants/Entitlement Grants	14.218	B-09-UC-18-0023	51,275	52,225
		B-10-UC-18-0023	26,541	26,541
		B-11-UC-18-0023	78,686	78,686
		B-12-UC-18-0023	154,014	154,014
		B-13-UC-18-0023	372,436	393,360
		B-14-UC-18-0023	374,416	380,175
Total for program			1,057,368	1,085,001
Total for federal grantor agency			1,057,368	1,085,001
<u>U.S. DEPARTMENT OF JUSTICE</u>				
Direct Grant				
Bureau of Justice Assistance				
State Criminal Alien Assistance Program	16.606	2012 SCAAP	-	1,358
		2013 SCAAP	-	7,630
		2014 SCAAP	-	2,438
Total for program			-	11,426
Pass Through Indiana Criminal Justice Institute				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	D3-15-9160	-	220,000
Total for federal grantor agency			-	231,426
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Pass Through Indiana Department of Transportation				
Highway Planning and Construction Cluster				
Highway Planning and Construction	20.205	0129770	-	83,696
		1383152	-	31,566
		1173460	-	54,595
		1400760	-	7,464
		0801287	-	466,658
		1383153	-	47,233
		1383155	-	37,941
		1383062	-	57,451
		1383256	-	21,068
		1383254	-	3,222
		BRO-9929	-	11,751
		0710992	-	3,386
		0500817	-	20,061
Total for cluster			-	846,092
Pass Through Indiana Criminal Justice Institute				
Highway Safety Cluster				
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	FY 2014 - FY 2016	36,318	42,330
DUI Task Force Enhancement Program		FY 2014 - FY 2016	84,547	102,073
Big City/Big County Enforcement Program				
Total for cluster			120,865	144,403

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

HAMILTON COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2015
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed on To Subrecipients	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF TRANSPORTATION (continued)</u>				
Pass Through Indiana Department of Transportation Formula Grants for Rural Areas	20.509	Transit 2015	608,194	608,194
ARRA - Formula Grants for Rural Areas	20.509	Transit 2014 Transit 2015	186,760 184,464	186,760 184,464
Total for program			371,224	371,224
Pass Through Indiana Department of Homeland Security Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	0418-14-01	-	14,000
Total for federal grantor agency			1,100,283	1,983,913
<u>U.S. DEPARTMENT OF ENERGY</u>				
Direct Grant ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	DE-FOA-00013	-	1,500
Total for federal grantor agency			-	1,500
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Pass Through National Association of County and City Health Officials Medical Reserve Corps Small Grant Program	93.008	MRC-14-03555	-	8,500
Pass Through Indiana Department of Health Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	5U90TP00521-2 A70-5-05323365 13825	- - -	24,400 35,240 2,470
Total for program			-	62,110
Pass Through Indiana Department of Child Services Child Support Enforcement	93.563			
County Clerk's Child Support Expenditures		FY 2015	-	162,750
County Prosecutor's Child Support Expenditures		FY 2015	-	473,515
County Clerk's Child Support Incentive Expenditures		FY 2015	-	16,476
County Prosecutor's Child Support Incentive Expenditures		FY 2015	-	56,135
County Child Support Incentive Expenditures		FY 2015	-	74,452
Indirect Costs		FY 2015	-	231,985
Total for program			-	1,015,313
Total for federal grantor agency			-	1,085,923
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Pass Through Indiana Department of Homeland Security Non-Profit Security Program	97.008	EMW-2014-SS-00138	-	245,370
Emergency Management Performance Grants	97.042	EP-00-0030 C44P-5-718B	- -	8,485 81,742
Total for program			-	90,227
Homeland Security Grant Program	97.067	EMW-2013-55-0017	-	20,000
Homeland Security Grant Program		EMW-2013-55-0017	-	7,669
Total for program			-	27,669
State Homeland Security Program (SHSP)	97.073	FY 2014	-	15,000
Total for federal grantor agency			-	378,266
Total federal awards expended			\$ 2,157,651	\$ 4,807,002

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

HAMILTON 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*. 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 in accordance with the generally accepted accounting basis of accounting used in the preparation of the financial statements. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-133, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (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 minimus indirect cost rate allowed under the Uniform Guidance.

HAMILTON COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	no

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

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
14.218	Community Development Block Grants/Entitlement Grants	Unmodified
93.563	Child Support Enforcement	Unmodified
97.008	Non-Profit Security Program	Unmodified

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

Auditee qualified as low-risk auditee?	yes
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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 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/>.