

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, 2014 to December 31, 2014



FILED
09/27/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Robin D. Lowder	01-01-11 to 12-31-18
County Treasurer	Janice Silvey	01-01-13 to 12-31-20
Clerk of the Circuit Court	Marcia Moore	01-01-11 to 12-31-18
County Sheriff	Michael Shepherd	01-01-11 to 12-31-18
County Recorder	Debra Carnes	01-01-11 to 12-31-18
President of the Board of County Commissioners	Derek Towle Brad Armstrong	01-01-14 to 12-31-14 01-01-15 to 12-31-17
President of the County Council	William Bolander	01-01-14 to 12-31-17



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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, 2014, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (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 from material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the County for the year ended December 31, 2014.

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, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the County's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by 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.

Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated August 29, 2017, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

August 29, 2017



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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, 2014, and the related notes to the financial statement, and have issued our report thereon dated August 29, 2017, wherein we noted the County followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001 and 2014-002 to be material weaknesses.

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the County's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001 and 2014-002.

Hancock County's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

August 29, 2017

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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, 2014

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
CAR-1 Clerk/Court Trust Account	\$ 1,480,638	\$ 4,020,291	\$ 3,501,471	\$ 1,999,458
County General	3,295,642	9,464,871	8,847,502	3,913,011
Accident Report	2,297	7,367	6,249	3,415
Bids Bonds Deposits	103,041	55,930	67,730	91,241
CAGIT County Certified	904,045	5,266,448	4,649,329	1,521,164
Co Portion Cedit Econ Dev	447,172	1,023,073	728,085	742,160
Library PTRC/ CEDIT Fund	1,932,826	1,804,100	2,723,026	1,013,900
City/ Town Court Costs	(123)	18,114	16,738	1,253
Clerk's Record Perpetuation	47,960	17,449	21,199	44,210
Comm Corrections Project	52,757	907,121	943,035	16,843
County Sales Disclosure	3,538	10,565	11,893	2,210
Cumulative Bridge	1,202,440	1,946,647	866,862	2,282,225
County Cumulative Capital Development	409,726	1,130,822	803,850	736,698
Drug Free Community	126,375	79,103	96,662	108,816
Electronic Mapping GIS	21	-	-	21
Emergency Plan/ RTK	7,205	-	3,907	3,298
E911 Operating	909,713	630,244	719,527	820,430
Firearms Training	9,738	34,774	15,035	29,477
General Drain Improvement	1,034,453	63,989	61,303	1,037,139
County Health	187,490	410,939	343,172	255,257
County ID Security	96,524	6,269	31,912	70,881
Local Road & Street	687,291	558,093	1,095,691	149,693
LOIT Public Safety	1,174,527	1,847,045	2,187,493	834,079
County Misdemeanant	35,986	34,013	34,012	35,987
Motor Vehicle Highway	1,142,906	4,367,946	3,743,639	1,767,213
Auditor's Transfer Fee	33,465	18,330	13,710	38,085
Rainy Day Fund	3,747,641	1,207,000	35,000	4,919,641
2015 Reassessment	538,129	304,344	279,119	563,354
Recorder Perpetuation	269,652	151,222	127,408	293,466
Sex & Violent Offender	424	1,323	1,656	91
Solid Waste Agency	7,443	3,055	-	10,498
Supplemental Public Defender	246,861	111,062	94,913	263,010
Surplus Tax	116,041	93,697	95,782	113,956
Cornerstone Perpetuation	47,010	15,395	10,332	52,073
Tax Sale Vendor Fees	1,775	4,970	4,900	1,845
Tax Sale Redemption	68,412	29,745	35,801	62,356
Tax Sale Surplus	605,261	668,167	484,103	789,325
New Tobacco Money	138,460	32,457	13,308	157,609
Unsafe Building Fund	2,185	8,045	8,044	2,186
GAL/ CASA Services	30	8,543	8,573	-
Elected Officials Training	15,203	6,269	1,979	19,493
Hancock County E911	151,907	1,143,898	1,022,267	273,538
Juvenile Probation	12,130	7,909	7,178	12,861
Supplemental Adult Probation	33,275	296,774	328,034	2,015
County User Fees	379,980	722,078	746,216	355,842
Drainage Maintenance	2,649,958	473,227	373,359	2,749,826
Health Department Donations	5,363	-	-	5,363
Pension Trust Clearing	-	30,956	30,956	-
Settlement Account	-	79,591,120	79,591,120	-
Loit Public Safety	-	3,585,799	3,585,799	-
Auto Excise Surtax	-	1,833,114	1,727,658	105,456
County Wheel Tax	1,200	265,141	258,277	8,064
CVET	-	412,277	412,277	-
Delinquent Weeds Assess	400	7,882	7,882	400
Delinquent Sewer Assessment	-	65,401	65,401	-
Financial Institution Tax	-	53,894	53,894	-
HEA 1001-2008 State Homestead	(3,097)	3,097	-	-
LOIT Homestead	3,909,729	4,482,311	8,321,850	70,190
Fines & Forfeitures	1,407	19,199	18,984	1,622
Infraction Judgment	7,316	65,071	68,083	4,304
Overweight Vehicles	6,524	1,357	7,881	-
Special Death Benefit	685	5,679	5,964	400
State Sales Disclosures	2,503	10,550	11,893	1,160
Coroner Education Fees	579	6,298	5,903	974
Interstate Transfer Fee	100	1,305	1,405	-
State Mortgage Fee	1,585	7,850	8,833	602
State Offender In Sex & Violent	(5)	85	70	10
Military Fines	2,095	-	-	2,095
Food & Beverage Tax	982,613	523,660	273,815	1,232,458
Inheritance Tax	165,474	36,096	201,570	-
Education Plate	622	1,425	1,406	641
Riverboat Sharing Fund	-	414,686	414,686	-
Tourism Commission	15,233	337,373	333,997	18,609

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, 2014
(Continued)

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14
CAGIT Cert Shares/ PTRC	-	17,928,996	17,928,996	-
CEDIT Special Tax	5,420	1,803,224	1,803,224	5,420
93.563 Prosecutor Incentive ARRA Funding	42,126	-	17,432	24,694
93.563 TitleIV-D General	110,597	23,376	-	133,973
Prosecutor Incentive (10-01-99)	5,572	35,167	39,746	993
93.563 Clerk Incentive	15,823	-	-	15,823
Clerk Incentive (10-01-99)	74,782	23,376	13,798	84,360
CAR-1 Sheriff Chaplaincy Fund	156	1	-	157
CAR-1 Sheriff Shop with a Cop	16,856	17,821	9,546	25,131
CAR-1 Victim Assistance	520	-	-	520
CAR-1 ISETS Clerk	12,865	808,023	814,941	5,947
CAR-1 Sheriff Department Commissary	51,830	159,453	101,917	109,366
CAR-1 135204 Redevelopment Capital	3,946,792	-	655,785	3,291,007
CAR-1 135204 Redevelopment Debt Service Reserve	1,072,800	-	8,000	1,064,800
CAR-1 Bond Principal & Interest	-	508,688	508,688	-
CAR-1 Redevelopment Allocation Fund	1,138,277	1,099,382	501,237	1,736,422
Stormwater	10	-	10	-
CAR-1 Inmate Trust	5,752	323,936	321,829	7,859
CAR-1 Treasurer After Settlement	2,575,460	3,010,656	2,575,460	3,010,656
GO Bond 2011	79,490	82,145	125,850	35,785
GO Bond 2007	275,873	647,914	763,942	159,845
GO Bond 2013	-	624,504	199,727	424,777
E911 Revenue Bond 2011	129,811	-	113,994	15,817
EOC Construction	13,320	-	-	13,320
GO Bond 2013 Proceeds	1,942,821	87,367	1,503,779	526,409
GO Bond 2001	2,642	-	-	2,642
Courthouse Renovation	279	-	-	279
GO Bond 2005	348,329	12,984	361,313	-
Commissioners Surplus Tax Sale	10,467	-	10,467	-
ADA Drug Screen Probation	48,645	44,206	29,030	63,821
RICO Forfeiture	-	96,312	75,387	20,925
Assessment Training Fund	38,324	11,863	5,601	44,586
Superior I Trans	1,542	10,326	10,275	1,593
Superior II Trans	32	788	788	32
Circuit Crt Trans	634	1,000	1,055	579
Jury Pay Fund	17,106	8,419	18,784	6,741
City & Town General	3,863	-	-	3,863
Comm Corrections Vending	90,602	64,299	102,551	52,350
K-9 Police Dog Fund	-	6,125	4,237	1,888
County Payroll	1,541,699	5,561,565	5,952,690	1,150,574
Health Claims Fund	132,142	2,000,000	2,001,465	130,677
12pay13 LOIT Homestead State Error	-	3,893,975	3,786,653	107,322
Public Hlth H1N1 Ill Fed	90	-	-	90
D.A.R.E. Fund	451	-	-	451
Bureau of Justice Assist	(1,849)	39,887	42,984	(4,946)
JAG Grant (Drug Court)	1,955	-	-	1,955
PACE Drug- Interd	77,388	65,786	46,628	96,546
Hancock Area Rural Tran	-	233,599	233,599	-
MRC- Medical Reserve Corp	5,206	6,500	7,006	4,700
Public Hlth Emerg H1N1	51	-	-	51
Health Maint Grant	60,715	48,859	14,067	95,507
Bio Terrorism Grant	33,021	37,350	53,757	16,614
Community Corr Fiscal	110	301,361	308,482	(7,011)
State Homeland Security	2,302	-	-	2,302
IDEM Grant	69	-	-	69
OPO- DUI K8- \$10000	2,351	8,944	8,943	2,352
OPO- BCC -PT \$20000	59	15,350	15,350	59
ICJI MADD Dist PBT	1,500	-	-	1,500
97.042 Emergency Mngmt	-	5,175	5,175	-
JAIB Jobs Grant	395	-	-	395
11.557 Data Share Int	1,372	2,000	1,879	1,493
HAVA Section 2 (2004-2011)	22,151	-	-	22,151
HAVA Section 1 (2006)	9,847	-	-	9,847
Metro Drug Fed Grant OT	53	-	-	53
20.615 Digital Recorder/ Logger	20,422	-	20,422	-
93.008 NACCHO Grant	4,000	3,500	255	7,245
S-2013-06 CT Alcohol Drug	12	-	-	12
Court Reform Grant	-	26,627	31,792	(5,165)
IDVA COMP Grant	-	1,135	885	250
Hancock County Tourism Commission	92,124	282,766	312,201	62,689
Totals	\$ 43,546,810	\$ 170,749,079	\$ 172,092,230	\$ 42,203,659

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. Amounts received from one or more of the following: property tax, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeeper's tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the County.

Licenses and permits. Amounts received from businesses, occupations, or non-businesses 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 the following: peddler licenses, animal licenses, auctioneer licenses, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

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

E. Disbursements

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

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

Supplies. Amounts disbursed for articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

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

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

HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements. Amounts disbursed for various other purposes including, but not limited to, the following: interfund loan payments; loans made to other funds; internal service disbursements; and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

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, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

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 is a result of funds being set up for reimbursable grants. One fund, Community Corr Fiscal, was overdrawn due to spending more than was available. Community Corr Fiscal is a fiscal grant. Only half of the funds have been distributed to the County as of the end of the calendar year. This is not a reimbursement grant.

HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. Restatement

For the year ended December 31, 2014, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the County. The following schedule presents a summary of restated beginning balances:

Fund	Balance as of December 31, 2013	Prior Period Adjustment	Balance as of January 1, 2014
Hancock County Tourism Commission	\$ -	\$ 92,124	\$ 92,124

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 debt service were combined into one fund for the prior report, but were reported individually in the current financial statement.

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OTHER INFORMATION - UNAUDITED

The County's Annual Financial Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

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

HANCOCK COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014

	CAR-1 Clerk/Court Trust Account	County General	Accident Report	Bids Bonds Deposits	CAGIT County Certified	Co Portion Cedit Econ Dev	Library PTRC/ CEDIT Fund	City/ Town Court Costs
Cash and investments - beginning	\$ 1,480,638	\$ 3,295,642	\$ 2,297	\$ 103,041	\$ 904,045	\$ 447,172	\$ 1,932,826	\$ (123)
Receipts:								
Taxes	-	6,817,904	-	-	-	-	-	-
Licenses and permits	-	364,726	-	-	-	-	-	-
Intergovernmental receipts	-	1,205,099	-	-	-	80,390	-	-
Charges for services	-	447,603	-	-	-	-	-	-
Fines and forfeits	-	321,055	-	-	-	-	-	-
Other receipts	4,020,291	308,484	7,367	55,930	5,266,448	942,683	1,804,100	18,114
Total receipts	4,020,291	9,464,871	7,367	55,930	5,266,448	1,023,073	1,804,100	18,114
Disbursements:								
Personal services	-	6,432,349	-	-	3,247,796	-	-	-
Supplies	-	11,078	-	-	115,595	-	-	-
Other services and charges	-	2,275,314	-	-	1,285,938	44,000	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	684,085	-	-
Other disbursements	3,501,471	128,761	6,249	67,730	-	-	2,723,026	16,738
Total disbursements	3,501,471	8,847,502	6,249	67,730	4,649,329	728,085	2,723,026	16,738
Excess (deficiency) of receipts over disbursements	518,820	617,369	1,118	(11,800)	617,119	294,988	(918,926)	1,376
Cash and investments - ending	\$ 1,999,458	\$ 3,913,011	\$ 3,415	\$ 91,241	\$ 1,521,164	\$ 742,160	\$ 1,013,900	\$ 1,253

HANCOCK COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Clerk's Record Perpetuation	Comm Corrections Project	County Sales Disclosure	Cumulative Bridge	County Cumulative Capital Development	Drug Free Community	Electronic Mapping GIS	Emergency Plan/ RTK
Cash and investments - beginning	\$ 47,960	\$ 52,757	\$ 3,538	\$ 1,202,440	\$ 409,726	\$ 126,375	\$ 21	\$ 7,205
Receipts:								
Taxes	-	-	-	1,332,356	888,682	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	2,412	-	-	601,815	201,703	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	60	-	-	-	-	2,958	-	-
Other receipts	14,977	907,121	10,565	12,476	40,437	76,145	-	-
Total receipts	17,449	907,121	10,565	1,946,647	1,130,822	79,103	-	-
Disbursements:								
Personal services	17,832	722,167	-	-	-	28,012	-	-
Supplies	407	71,861	-	29,958	-	-	-	-
Other services and charges	2,960	109,417	-	87,944	23,570	68,650	-	3,907
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	35,349	-	748,960	780,280	-	-	-
Other disbursements	-	4,241	11,893	-	-	-	-	-
Total disbursements	21,199	943,035	11,893	866,862	803,850	96,662	-	3,907
Excess (deficiency) of receipts over disbursements	(3,750)	(35,914)	(1,328)	1,079,785	326,972	(17,559)	-	(3,907)
Cash and investments - ending	\$ 44,210	\$ 16,843	\$ 2,210	\$ 2,282,225	\$ 736,698	\$ 108,816	\$ 21	\$ 3,298

HANCOCK COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	E911 Operating	Firearms Training	General Drain Improvement	County Health	County ID Security	Local Road & Street	LOIT Public Safety	County Misdemeanant
Cash and investments - beginning	\$ 909,713	\$ 9,738	\$ 1,034,453	\$ 187,490	\$ 96,524	\$ 687,291	\$ 1,174,527	\$ 35,986
Receipts:								
Taxes	-	-	8,801	264,088	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	28,087	-	557,690	-	-
Charges for services	-	-	-	118,045	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	630,244	34,774	55,188	719	6,269	403	1,847,045	34,013
Total receipts	<u>630,244</u>	<u>34,774</u>	<u>63,989</u>	<u>410,939</u>	<u>6,269</u>	<u>558,093</u>	<u>1,847,045</u>	<u>34,013</u>
Disbursements:								
Personal services	167,969	-	-	302,219	-	-	822,241	-
Supplies	4,445	-	-	20,921	-	1,035,003	313,652	-
Other services and charges	103,812	-	-	20,032	31,912	60,688	722,600	34,012
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	443,301	-	-	-	-	-	117,000	-
Other disbursements	-	15,035	61,303	-	-	-	212,000	-
Total disbursements	<u>719,527</u>	<u>15,035</u>	<u>61,303</u>	<u>343,172</u>	<u>31,912</u>	<u>1,095,691</u>	<u>2,187,493</u>	<u>34,012</u>
Excess (deficiency) of receipts over disbursements	<u>(89,283)</u>	<u>19,739</u>	<u>2,686</u>	<u>67,767</u>	<u>(25,643)</u>	<u>(537,598)</u>	<u>(340,448)</u>	<u>1</u>
Cash and investments - ending	<u>\$ 820,430</u>	<u>\$ 29,477</u>	<u>\$ 1,037,139</u>	<u>\$ 255,257</u>	<u>\$ 70,881</u>	<u>\$ 149,693</u>	<u>\$ 834,079</u>	<u>\$ 35,987</u>

HANCOCK COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Motor Vehicle Highway	Auditor's Transfer Fee	Rainy Day Fund	2015 Reassessment	Recorder Perpetuation	Sex & Violent Offender	Solid Waste Agency	Supplemental Public Defender
Cash and investments - beginning	\$ 1,142,906	\$ 33,465	\$ 3,747,641	\$ 538,129	\$ 269,652	\$ 424	\$ 7,443	\$ 246,861
Receipts:								
Taxes	-	-	-	275,099	-	-	-	-
Licenses and permits	27,825	-	-	-	-	-	-	-
Intergovernmental receipts	4,277,275	-	-	29,245	-	-	-	-
Charges for services	1,220	18,330	-	-	-	765	-	27,193
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	61,626	-	1,207,000	-	151,222	558	3,055	83,869
Total receipts	<u>4,367,946</u>	<u>18,330</u>	<u>1,207,000</u>	<u>304,344</u>	<u>151,222</u>	<u>1,323</u>	<u>3,055</u>	<u>111,062</u>
Disbursements:								
Personal services	1,675,499	13,710	-	261,040	111,744	-	-	14,182
Supplies	1,311,862	-	-	-	5,000	-	-	-
Other services and charges	481,144	-	-	18,079	-	1,656	-	80,731
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	275,134	-	-	-	-	-	-	-
Other disbursements	-	-	35,000	-	10,664	-	-	-
Total disbursements	<u>3,743,639</u>	<u>13,710</u>	<u>35,000</u>	<u>279,119</u>	<u>127,408</u>	<u>1,656</u>	<u>-</u>	<u>94,913</u>
Excess (deficiency) of receipts over disbursements	<u>624,307</u>	<u>4,620</u>	<u>1,172,000</u>	<u>25,225</u>	<u>23,814</u>	<u>(333)</u>	<u>3,055</u>	<u>16,149</u>
Cash and investments - ending	\$ <u>1,767,213</u>	\$ <u>38,085</u>	\$ <u>4,919,641</u>	\$ <u>563,354</u>	\$ <u>293,466</u>	\$ <u>91</u>	\$ <u>10,498</u>	\$ <u>263,010</u>

HANCOCK COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Surplus Tax	Cornerstone Perpetuation	Tax Sale Vendor Fees	Tax Sale Redemption	Tax Sale Surplus	New Tobacco Money	Unsafe Building Fund	GAL/ CASA Services
Cash and investments - beginning	\$ 116,041	\$ 47,010	\$ 1,775	\$ 68,412	\$ 605,261	\$ 138,460	\$ 2,185	\$ 30
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-	-
Charges for services	-	-	70	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	93,697	15,395	4,900	29,745	668,167	32,457	8,045	8,543
Total receipts	93,697	15,395	4,970	29,745	668,167	32,457	8,045	8,543
Disbursements:								
Personal services	-	5,216	-	-	-	11,468	-	-
Supplies	-	1,120	-	-	-	-	-	-
Other services and charges	-	3,996	-	-	-	1,840	-	8,573
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	95,782	-	4,900	35,801	484,103	-	8,044	-
Total disbursements	95,782	10,332	4,900	35,801	484,103	13,308	8,044	8,573
Excess (deficiency) of receipts over disbursements	(2,085)	5,063	70	(6,056)	184,064	19,149	1	(30)
Cash and investments - ending	\$ 113,956	\$ 52,073	\$ 1,845	\$ 62,356	\$ 789,325	\$ 157,609	\$ 2,186	\$ -

HANCOCK COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Elected Officials Training	Hancock County E911	Juvenile Probation	Supplemental Adult Probation	County User Fees	Drainage Maintenance	Health Department Donations	Pension Trust Clearing
Cash and investments - beginning	\$ 15,203	\$ 151,907	\$ 12,130	\$ 33,275	\$ 379,980	\$ 2,649,958	\$ 5,363	\$ -
Receipts:								
Taxes	-	-	-	-	-	462,038	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-	-
Charges for services	-	193,724	-	-	54,039	-	-	-
Fines and forfeits	-	-	-	-	596,532	-	-	-
Other receipts	6,269	950,174	7,909	296,774	71,507	11,189	-	30,956
Total receipts	6,269	1,143,898	7,909	296,774	722,078	473,227	-	30,956
Disbursements:								
Personal services	-	1,017,267	7,178	208,497	351,090	-	-	-
Supplies	-	-	-	-	10,041	-	-	-
Other services and charges	1,979	5,000	-	119,537	343,293	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	41,792	373,359	-	30,956
Total disbursements	1,979	1,022,267	7,178	328,034	746,216	373,359	-	30,956
Excess (deficiency) of receipts over disbursements	4,290	121,631	731	(31,260)	(24,138)	99,868	-	-
Cash and investments - ending	\$ 19,493	\$ 273,538	\$ 12,861	\$ 2,015	\$ 355,842	\$ 2,749,826	\$ 5,363	\$ -

HANCOCK COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Settlement Account	Loit Public Safety	Auto Excise Surtax	County Wheel Tax	CVET	Delinquent Weeds Assess	Delinquent Sewer Assessment	Financial Institution Tax
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 1,200	\$ -	\$ 400	\$ -	\$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	258,152	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	79,591,120	3,585,799	1,833,114	6,989	412,277	7,882	65,401	53,894
Total receipts	79,591,120	3,585,799	1,833,114	265,141	412,277	7,882	65,401	53,894
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	79,591,120	3,585,799	1,727,658	258,277	412,277	7,882	65,401	53,894
Total disbursements	79,591,120	3,585,799	1,727,658	258,277	412,277	7,882	65,401	53,894
Excess (deficiency) of receipts over disbursements	-	-	105,456	6,864	-	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ 105,456	\$ 8,064	\$ -	\$ 400	\$ -	\$ -

HANCOCK COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	HEA 1001-2008 State Homestead	LOIT Homestead	Fines & Forfeitures	Infraction Judgment	Overweight Vehicles	Special Death Benefit	State Sales Disclosures	Coroner Education Fees
Cash and investments - beginning	\$ (3,097)	\$ 3,909,729	\$ 1,407	\$ 7,316	\$ 6,524	\$ 685	\$ 2,503	\$ 579
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	6,298
Fines and forfeits	-	-	-	-	1,357	-	-	-
Other receipts	3,097	4,482,311	19,199	65,071	-	5,679	10,550	-
Total receipts	3,097	4,482,311	19,199	65,071	1,357	5,679	10,550	6,298
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	-	8,321,850	18,984	68,083	7,881	5,964	11,893	5,903
Total disbursements	-	8,321,850	18,984	68,083	7,881	5,964	11,893	5,903
Excess (deficiency) of receipts over disbursements	3,097	(3,839,539)	215	(3,012)	(6,524)	(285)	(1,343)	395
Cash and investments - ending	\$ -	\$ 70,190	\$ 1,622	\$ 4,304	\$ -	\$ 400	\$ 1,160	\$ 974

HANCOCK COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Interstate Transfer Fee	State Mortgage Fee	State Offender In Sex & Violent	Military Fines	Food & Beverage Tax	Inheritance Tax	Education Plate	Riverboat Sharing Fund
Cash and investments - beginning	\$ 100	\$ 1,585	\$ (5)	\$ 2,095	\$ 982,613	\$ 165,474	\$ 622	\$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	1,305	7,850	85	-	523,660	36,096	1,425	414,686
Total receipts	1,305	7,850	85	-	523,660	36,096	1,425	414,686
Disbursements:								
Personal services	-	-	-	-	32,840	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	214,982	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	25,993	-	-	-
Other disbursements	1,405	8,833	70	-	-	201,570	1,406	414,686
Total disbursements	1,405	8,833	70	-	273,815	201,570	1,406	414,686
Excess (deficiency) of receipts over disbursements	(100)	(983)	15	-	249,845	(165,474)	19	-
Cash and investments - ending	\$ -	\$ 602	\$ 10	\$ 2,095	\$ 1,232,458	\$ -	\$ 641	\$ -

HANCOCK COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Tourism Commission	CAGIT Cert Shares/ PTRC	CEDIT Special Tax	93.563 Prosecutor Incentive ARRA Funding	93.563 TitleIV-D General	Prosecutor Incentive (10-01-99)	93.563 Clerk Incentive	Clerk Incentive (10-01-99)
Cash and investments - beginning	\$ 15,233	\$ -	\$ 5,420	\$ 42,126	\$ 110,597	\$ 5,572	\$ 15,823	\$ 74,782
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	337,373	17,928,996	1,803,224	-	23,376	35,167	-	23,376
Total receipts	337,373	17,928,996	1,803,224	-	23,376	35,167	-	23,376
Disbursements:								
Personal services	67,181	-	-	259	-	36,746	-	6,306
Supplies	-	-	-	-	-	-	-	727
Other services and charges	-	-	-	-	-	3,000	-	6,750
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	266,816	17,928,996	1,803,224	17,173	-	-	-	15
Total disbursements	333,997	17,928,996	1,803,224	17,432	-	39,746	-	13,798
Excess (deficiency) of receipts over disbursements	3,376	-	-	(17,432)	23,376	(4,579)	-	9,578
Cash and investments - ending	\$ 18,609	\$ -	\$ 5,420	\$ 24,694	\$ 133,973	\$ 993	\$ 15,823	\$ 84,360

HANCOCK COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	CAR-1 Sheriff Chaplaincy Fund	CAR-1 Sheriff Shop with a Cop	CAR-1 Victim Assistance	CAR-1 ISETS Clerk	CAR-1 Sheriff Department Commissary	CAR-1 135204 Redevelopment Capital	CAR-1 135204 Redevelopment Debt Service Reserve	CAR-1 Bond Principal & Interest
Cash and investments - beginning	\$ 156	\$ 16,856	\$ 520	\$ 12,865	\$ 51,830	\$ 3,946,792	\$ 1,072,800	\$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	1	17,821	-	808,023	159,453	-	-	508,688
Total receipts	1	17,821	-	808,023	159,453	-	-	508,688
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	-	9,546	-	814,941	101,917	655,785	8,000	508,688
Total disbursements	-	9,546	-	814,941	101,917	655,785	8,000	508,688
Excess (deficiency) of receipts over disbursements	1	8,275	-	(6,918)	57,536	(655,785)	(8,000)	-
Cash and investments - ending	\$ 157	\$ 25,131	\$ 520	\$ 5,947	\$ 109,366	\$ 3,291,007	\$ 1,064,800	\$ -

HANCOCK COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	CAR-1 Redevelopment Allocation Fund	Stormwater	CAR-1 Inmate Trust	CAR-1 Treasurer After Settlement	GO Bond 2011	GO Bond 2007	GO Bond 2013	E911 Revenue Bond 2011
Cash and investments - beginning	\$ 1,138,277	\$ 10	\$ 5,752	\$ 2,575,460	\$ 79,490	\$ 275,873	\$ -	\$ 129,811
Receipts:								
Taxes	-	-	-	975,704	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	1,099,382	-	323,936	2,034,952	82,145	647,914	624,504	-
Total receipts	<u>1,099,382</u>	<u>-</u>	<u>323,936</u>	<u>3,010,656</u>	<u>82,145</u>	<u>647,914</u>	<u>624,504</u>	<u>-</u>
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	125,850	763,942	199,727	113,994
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	501,237	10	321,829	2,575,460	-	-	-	-
Total disbursements	<u>501,237</u>	<u>10</u>	<u>321,829</u>	<u>2,575,460</u>	<u>125,850</u>	<u>763,942</u>	<u>199,727</u>	<u>113,994</u>
Excess (deficiency) of receipts over disbursements	<u>598,145</u>	<u>(10)</u>	<u>2,107</u>	<u>435,196</u>	<u>(43,705)</u>	<u>(116,028)</u>	<u>424,777</u>	<u>(113,994)</u>
Cash and investments - ending	\$ <u>1,736,422</u>	\$ -	\$ 7,859	\$ 3,010,656	\$ 35,785	\$ 159,845	\$ 424,777	\$ 15,817

HANCOCK COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	EOC Construction	GO Bond 2013 Proceeds	GO Bond 2001	Courthouse Renovation	GO Bond 2005	Commissioners Surplus Tax Sale	ADA Drug Screen Probation	RICO Forfeiture
Cash and investments - beginning	\$ 13,320	\$ 1,942,821	\$ 2,642	\$ 279	\$ 348,329	\$ 10,467	\$ 48,645	\$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	-	87,367	-	-	12,984	-	44,206	96,312
Total receipts	-	87,367	-	-	12,984	-	44,206	96,312
Disbursements:								
Personal services	-	-	-	-	-	-	-	22,368
Supplies	-	-	-	-	-	-	2,141	-
Other services and charges	-	-	-	-	-	-	26,889	53,019
Debt service - principal and interest	-	1,503,779	-	-	361,313	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	10,467	-	-
Total disbursements	-	1,503,779	-	-	361,313	10,467	29,030	75,387
Excess (deficiency) of receipts over disbursements	-	(1,416,412)	-	-	(348,329)	(10,467)	15,176	20,925
Cash and investments - ending	\$ 13,320	\$ 526,409	\$ 2,642	\$ 279	\$ -	\$ -	\$ 63,821	\$ 20,925

HANCOCK COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Assessment Training Fund	Superior I Trans	Superior II Trans	Circuit Crt Trans	Jury Pay Fund	City & Town General	Comm Corrections Vending	K-9 Police Dog Fund
Cash and investments - beginning	\$ 38,324	\$ 1,542	\$ 32	\$ 634	\$ 17,106	\$ 3,863	\$ 90,602	\$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	11,863	10,326	788	1,000	8,419	-	64,299	6,125
Total receipts	11,863	10,326	788	1,000	8,419	-	64,299	6,125
Disbursements:								
Personal services	-	10,225	788	1,055	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	18,784	-	102,551	4,237
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	5,601	50	-	-	-	-	-	-
Total disbursements	5,601	10,275	788	1,055	18,784	-	102,551	4,237
Excess (deficiency) of receipts over disbursements	6,262	51	-	(55)	(10,365)	-	(38,252)	1,888
Cash and investments - ending	\$ 44,586	\$ 1,593	\$ 32	\$ 579	\$ 6,741	\$ 3,863	\$ 52,350	\$ 1,888

HANCOCK COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	County Payroll	Health Claims Fund	12pay13 LOIT Homestead State Error	Public Hlth H1N1 Ill Fed	D.A.R.E. Fund	Bureau of Justice Assist	JAG Grant (Drug Court)	PACE Drug- Interd
Cash and investments - beginning	\$ 1,541,699	\$ 132,142	\$ -	\$ 90	\$ 451	\$ (1,849)	\$ 1,955	\$ 77,388
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	5,561,565	2,000,000	3,893,975	-	-	39,887	-	65,786
Total receipts	5,561,565	2,000,000	3,893,975	-	-	39,887	-	65,786
Disbursements:								
Personal services	1,424,054	-	-	-	-	29,995	-	46,628
Supplies	-	-	-	-	-	3,755	-	-
Other services and charges	-	2,001,465	-	-	-	9,234	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	4,528,636	-	3,786,653	-	-	-	-	-
Total disbursements	5,952,690	2,001,465	3,786,653	-	-	42,984	-	46,628
Excess (deficiency) of receipts over disbursements	(391,125)	(1,465)	107,322	-	-	(3,097)	-	19,158
Cash and investments - ending	\$ 1,150,574	\$ 130,677	\$ 107,322	\$ 90	\$ 451	\$ (4,946)	\$ 1,955	\$ 96,546

HANCOCK COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Hancock Area Rural Tran	MRC- Medical Reserve Corp	Public Hlth Emerg H1N1	Health Maint Grant	Bio Terrorism Grant	Community Corr Fiscal	State Homeland Security	IDEM Grant
Cash and investments - beginning	\$ -	\$ 5,206	\$ 51	\$ 60,715	\$ 33,021	\$ 110	\$ 2,302	\$ 69
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	233,599	6,500	-	48,859	37,350	301,361	-	-
Total receipts	233,599	6,500	-	48,859	37,350	301,361	-	-
Disbursements:								
Personal services	-	-	-	-	-	218,542	-	-
Supplies	-	106	-	13,401	-	34,098	-	-
Other services and charges	233,599	6,900	-	666	53,757	8,979	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	46,863	-	-
Total disbursements	233,599	7,006	-	14,067	53,757	308,482	-	-
Excess (deficiency) of receipts over disbursements	-	(506)	-	34,792	(16,407)	(7,121)	-	-
Cash and investments - ending	\$ -	\$ 4,700	\$ 51	\$ 95,507	\$ 16,614	\$ (7,011)	\$ 2,302	\$ 69

HANCOCK COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	OPO- DUI K&- \$10000	OPO- BCC -PT \$20000	ICJI MADD Dist PBT	97.042 Emergency Mngmt	JAIB Jobs Grant	11.557 Data Share Int	HAVA Section 2 (2004-2011)	HAVA Section 1 (2006)
Cash and investments - beginning	\$ 2,351	\$ 59	\$ 1,500	\$ -	\$ 395	\$ 1,372	\$ 22,151	\$ 9,847
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental receipts	1,311	2,286	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	7,633	13,064	-	5,175	-	2,000	-	-
Total receipts	8,944	15,350	-	5,175	-	2,000	-	-
Disbursements:								
Personal services	2,659	3,700	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	6,284	11,650	-	-	-	1,879	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	5,175	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	8,943	15,350	-	5,175	-	1,879	-	-
Excess (deficiency) of receipts over disbursements	1	-	-	-	-	121	-	-
Cash and investments - ending	\$ 2,352	\$ 59	\$ 1,500	\$ -	\$ 395	\$ 1,493	\$ 22,151	\$ 9,847

HANCOCK COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014
 (Continued)

	Metro Drug Fed Grant OT	20.615 Digital Recorder/ Logger	93.008 NACCHO Grant	S-2013-06 CT Alcohol Drug	Court Reform Grant	IDVA COMP Grant	Hancock County Tourism Commission	Totals
Cash and investments - beginning	\$ 53	\$ 20,422	\$ 4,000	\$ 12	\$ -	\$ -	\$ 92,124	\$ 43,546,810
Receipts:								
Taxes	-	-	-	-	-	-	-	11,024,672
Licenses and permits	-	-	-	-	-	-	-	392,551
Intergovernmental receipts	-	-	-	-	-	-	282,766	7,528,231
Charges for services	-	-	-	-	-	-	-	867,287
Fines and forfeits	-	-	-	-	-	-	-	921,962
Other receipts	-	-	3,500	-	26,627	1,135	-	150,014,376
Total receipts	-	-	3,500	-	26,627	1,135	282,766	170,749,079
Disbursements:								
Personal services	-	-	-	-	-	-	-	17,320,822
Supplies	-	-	255	-	-	-	-	2,985,426
Other services and charges	-	-	-	-	-	-	-	8,705,209
Debt service - principal and interest	-	-	-	-	-	-	-	3,068,605
Capital outlay	-	-	-	-	31,792	885	-	3,147,954
Other disbursements	-	20,422	-	-	-	-	312,201	136,864,214
Total disbursements	-	20,422	255	-	31,792	885	312,201	172,092,230
Excess (deficiency) of receipts over disbursements	-	(20,422)	3,245	-	(5,165)	250	(29,435)	(1,343,151)
Cash and investments - ending	\$ 53	\$ -	\$ 7,245	\$ 12	\$ (5,165)	\$ 250	\$ 62,689	\$ 42,203,659

HANCOCK COUNTY
SCHEDULE OF LEASES AND DEBT
December 31, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: ES & S	Vote Centers for Hancock County	\$ 42,072	1/1/2014	12/31/2018
Total of annual lease payments		<u>\$ 42,072</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	GO Bond 2013 Capital Expenses	\$ 1,805,000	\$ 400,471
General obligation bonds	GO Bond 2011	865,000	123,100
General obligation bonds	GO Bond 2007 Emergency Operations and Other Usages	375,000	381,656
Revenue bonds	Revenue Bond of 2011 Purchase of Enhanced 911 AT & T	805,000	111,519
Revenue bonds	2009 Redevelopment Bond District Bonds	<u>10,655,000</u>	<u>640,188</u>
Total governmental activities		<u>14,505,000</u>	<u>1,656,934</u>
Totals		<u>\$ 14,505,000</u>	<u>\$ 1,656,934</u>

HANCOCK COUNTY
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2014

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	273,315,931
Buildings	9,600,200
Improvements other than buildings	78,600
Machinery, equipment, and vehicles	11,102,159
Books and other	121,958
Total governmental activities	294,938,548
Total capital assets	\$ 294,938,548

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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, 2014. 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.

Basis for Qualified Opinion on Formula Grants for Rural Areas

As described in item 2014-003 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding Procurement and Suspension and Debarment that are applicable to its Formula Grants for Rural Areas program. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program.

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

Qualified Opinion on Formula Grants for Rural Areas

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Formula Grants for Rural Areas* paragraph, 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 the Formula Grants for Rural Areas program for the year ended December 31, 2014.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the year ended December 31, 2014.

Other Matters

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

Report on Internal Control over Compliance

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


Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified deficiency in internal control over compliance that we consider to be material a weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2014-003 to be a material weakness.

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

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

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


Paul D. Joyce, CPA
State Examiner

August 29, 2017

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, 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient	Total Federal Awards Expended
Department of Commerce					
State Broadband Data and Development Grant Program Data Share Initiative	Indiana Office of Technology Geographical Information Systems Division	11.558	D20-2-7942	\$ -	\$ 1,879
Total - Department of Commerce				-	1,879
Department of Justice					
Drug Court Discretionary Grant Program Bureau of Justice Assistance	Direct Grant	16.585	2013-DC-BX-0026	-	39,887
Total - Drug Court Discretionary Grant Program				-	39,887
Equitable Sharing Program Federal Equitable Share PACE	Henry County Auditor	16.922	2014	-	65,786
Total - Department of Justice				-	105,673
Department of Transportation					
Highway Planning and Construction Cluster Highway Planning and Construction DES: 1382083 Bridge Inventory DES: 900012 Bridge Inspections DES: 0400037 600 W Broken Arrow to US 40 Phase II DES: 0810490-Cumulative Bridge No. 59 DES: 0801064-Cumulative Bridge No. 145 DES: 1005718-Bridge Inspections	Indiana Department of Transportation	20.205	DES #1382083 DES #0900012 DES #0400037 DES #0810490 DES #0801064 DES #1005718	- - - - - -	67,959 22,994 251,542 143,388 243,964 13,167
Total - Highway Planning and Construction				-	743,014
Total - Highway Planning and Construction Cluster				-	743,014
Formula Grants for Rural Areas Hancock Area Rural Transit Hancock Area Rural Transit	Indiana Department of Transportation	20.509	18030560 18032560	38,041 138,424	38,041 138,424
Total - Formula Grants for Rural Areas				176,465	176,465
Highway Safety Cluster State and Community Highway Safety Operation Pull Over (OPO) Enforcement Program	Indiana Criminal Justice Institute	20.600	D3-14-8252	-	15,350
Alcohol Impaired Driving Countermeasures Incentive Grants I DUI Taskforce Grant	Indiana Criminal Justice Institute	20.601	D3-14-8128	-	8,943
Total - Highway Safety Cluster				-	24,293
Total - Department of Transportation				176,465	943,772
Department of Health and Human Services					
Medical Reserve Corps Small Grant Program NACCHO Grant	National Association of County and City Health Officials	93.008	Grant #5 MRCSG101005-04-00	-	255
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements Medical Reserve Corp Bio-Terrorism	Indiana Department of Health	93.074	5U90TP000521-02 5U90TP000521-01	- -	7,006 37,350
Total - Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements				-	44,356
Child Support Enforcement Clerk Title IV-D Incentive Prosecutor Title IV-D Incentive Clerk Direct Reimbursements Title IVD Prosecutor Direct Reimbursements Title IVD Prosecutor Title IVD ARRA Clerk Perpetuation-Title IVD Reimbursements Indirect Costs	Indiana Department of Child Services	93.563	1404IN4005 1404IN4005 1404IN4005 1404IN4005 1404IN4005 1404IN4005 1404IN4005	- - - - - - -	13,799 39,746 59,007 238,897 17,432 2,676 67,295
Total - Child Support Enforcement				-	438,852
Total - Department of Health and Human Services				-	483,463
Department of Homeland Security					
Emergency Management Performance Grants Emergency Management Performance Grant Emergency Management Performance Sub Grant	Indiana Department of Homeland Security	97.042	C44P-5-031B C44P-4-364B	- -	12,771 5,175
Total - Department of Homeland Security				-	17,946
Total federal awards expended				\$ 176,465	\$ 1,552,733

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 (SEFA) includes the federal grant activity of the County under programs of the federal government for the year ended December 31, 2014. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the County, it is not intended to and does not present the financial position of the County.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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.

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 weakness identified?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

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

Identification of Major Programs:

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

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

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

FINDING 2014-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Other Matters

HANCOCK COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

The County had not established effective internal controls over the financial information entered into the Indiana Gateway for Government Units, which is a financial reporting system and the source of the Annual Financial Report (AFR). The Schedule of Federal Expenditures (SEFA) was prepared using the Grant Schedule information within the AFR. The Grant Schedule was prepared by the Deputy County Auditor and reviewed by the County Auditor prior to submission. The control in place did not detect the following errors on the SEFA:

1. The Highway Planning and Construction program expenditures were understated by \$186,051.
2. The Child Support Enforcement program expenditures were understated by \$22,852.
3. The Emergency Planning/RTK expenditures of \$3,907 were included on the SEFA in error.

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

Criteria

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

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

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

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

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

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

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § _____.310. . . ."

HANCOCK COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

Cause

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Effect

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

Views of Responsible Officials

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

HANCOCK COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2014-002

Subject: Accounting for Hancock County Redevelopment Commission Funds
Audit Findings: Material Weakness, Other Matters

Condition

During the audit period, the Hancock County Redevelopment Commission funds were not recorded within the County's ledger by the County Auditor. There was no other ledger to account for the monies of these funds. The only information available included bank statements and spreadsheets prepared by the Director of the Hancock Economic Development Council. The County had not established an internal control system to ensure that all monies of the County were accounted for within the County's ledger.

Criteria

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

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

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

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

All financial transactions pertaining to the unit must be recorded in the records of the unit at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

Cause

Management of the County had not established a proper system of internal control that would have ensured that all funds of the County were maintained within the County's records.

Effect

The failure to establish an internal control system resulted in monies of the County not being accounted for within the County's records.

Views of Responsible Officials

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

HANCOCK COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-003

Subject: Department of Transportation - Procurement and Suspension and Debarment
Federal Agency: Department of Transportation
Federal Program: Formula Grants for Rural Areas
CFDA Number: 20.509
Federal Award Numbers and Years (or Other Identifying Numbers): 1803056O, 1803256O
Pass-Through Entity: Indiana Department of Transportation
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Modified Opinion

Condition

The County did not have procedures or internal controls in place to ensure compliance with the suspension and debarment requirements of the Procurement and Suspension and Debarment compliance requirement. The County failed to verify that the subrecipient of the grant was not suspended or debarred.

Context

The lack of controls and noncompliance was a systemic problem during the period.

Criteria

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

Cause

Management had not developed an effective system of internal controls that would have ensured compliance with requirements outlined above.

HANCOCK COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish an effective internal control system resulted in the County's noncompliance with the Procurement and Suspension and Debarment compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

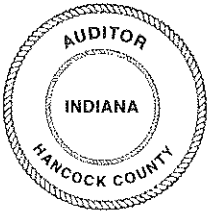
Views of the Responsible Official

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

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AUDITEE-PREPARED DOCUMENT

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



HANCOCK COUNTY AUDITOR

Robin D. Lowder

111 American Legion Place

Suite# 217

Greenfield, Indiana 46140

Office: 317-477-1105

Fax: 317-477-1712

rlowder@hancockcoingov.org

Corrective Action Plan

FINDING 2014-001

Robin D. Lowder:
317-477-1105

I concur the following mistakes were made on Gateway.

1. Highway Planning and Construction program expenditures were understated by \$186,051 on Gateway. They were correct on the County Ledger. We plan to be more diligent in checking our figures so Gateway matches the County Ledger.
2. Child Support Enforcement program expenditures were understated by \$22,852. They were correct on the County Ledger. We plan to be more diligent checking our figures so Gateway matches the County Ledger.
3. Emergency Planning/RTK expenditures have always been included on the SEFA. Now that we are aware it is not a Grant we will no longer include it.

Anticipated Completion Date: August 29, 2017

Robin D. Lowder

County Auditor

August 29, 2017



HANCOCK COUNTY AUDITOR

Robin D. Lowder

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CORRECTIVE ACTION PLAN

FINDING 2014-002

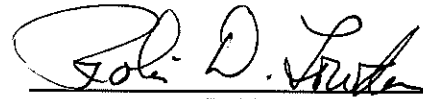
Robin D. Lowder:
317-477-1105

I concur the RDC Funds should be recorded on the County's Ledger.

The Bank was set up as the Trustee and this was allowable by law at the time in 2009. State Board of Accounts made us aware the law had changed in 2017. The County refinanced the RDC 2009 Bond in 2017.

The County through this process has brought the funds into the County and they are recorded within the County's Ledger as of 2017. The monies are all now accounted for and recorded on the County Ledgers. They are part of the County's Annual Report starting with the 2017 Annual Report.

Anticipated Completion Date: August 29, 2017



Robin D. Lowder

County Auditor

August 29, 2017



HANCOCK COUNTY AUDITOR

Robin D. Lowder

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CORRECTIVE ACTION PLAN

FINDING 2014-003

Robin D. Lowder:
317-477-1105

I concur the County did not comply with the Suspension and Debarment requirement.

The Subrecipient Senior Services does provide the County with the independent Audits they have prepared bi-yearly. These Audits do state Senior Services are in good standing. We were unaware of the fact we were to check on a service for Grants called SAMS to be sure the subrecipient has not been Suspended or Debarment. Now that we are aware of the fact this service is available we will make sure that any subrecipients have not been debarred or suspended or otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549,"Debarment and Suspension."

Anticipated Completion Date: August 29, 2017

Robin D. Lowder

County Auditor

August 29, 2017

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/>.