

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

MARSHALL COUNTY, INDIANA

January 1, 2019 to December 31, 2019



FILED
05/12/2020

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Julie A. Fox	01-01-19 to 12-31-22
County Treasurer	Angela C. Birchmeier	01-01-19 to 12-31-20
Clerk of the Circuit Court	Deborah P. VanDeMark	01-01-19 to 12-31-22
County Sheriff	Matthew K. Hassel	01-01-19 to 12-31-22
County Recorder	Janet Howard	01-01-19 to 12-31-22
President of the Board of County Commissioners	Kevin G. Overmyer	01-01-19 to 12-31-20
President of the County Council	Judith Stone	01-01-19 to 12-31-20



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 MARSHALL 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 Marshall County (County), for the year ended December 31, 2019, and the related notes to the financial statement, which collectively comprise the County's financial statement and have issued our report thereon dated May 4, 2020, wherein we noted the County followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

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


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

Compliance and Other Matters

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

May 4, 2020



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 MARSHALL COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited Marshall 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, 2019. The County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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)

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, 2019.

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.

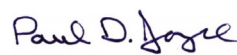
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any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

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 Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statement of the County, as of and for the year ended December 31, 2019, and the related notes to the financial statement. We issued our report thereon dated May 4, 2020, which contained a dual opinion on the financial statement. An adverse opinion was issued regarding the presentation in accordance with U.S. Generally Accepted Accounting Principles, and an unmodified opinion was issued regarding the presentation in accordance with the Regulatory Basis of Accounting. Our audit was conducted for the purpose of forming an opinion on the financial statement as a whole. 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 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 as a whole.


Paul D. Joyce, CPA
State Examiner

May 4, 2020

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

MARSHALL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2019

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	Passed Through to Subrecipient	Total Federal Awards Expended
Department of Agriculture					
WIC Special Supplemental Nutrition Program for Women, Infants, and Children WIC 8801 FY 2019 WIC 8804 FY 2018	Indiana Department of Health	10.557	EDS A70-5-070652 FY2019 FY2018	\$ - -	\$ 200,292 5,159
Total - WIC Special Supplemental Nutrition Program for Women, Infants, and Children				-	205,451
Total - Department of Agriculture				-	205,451
Department of Housing and Urban Development					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii OCRA 4H Com Dev Block Grant Broadband Planning Grant Fund 8819	Lt. Governors Office	14.228	A19218PF17101-26204 B-17-DC-18.0001	500,000 -	500,000 30,000
Total - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii				500,000	530,000
Total - Department of Housing and Urban Developmen				500,000	530,000
Department of Justice					
Edward Byrne Memorial Justice Assistance Grant Program CHIRP - ICJI Grant Fund 8807	Indiana Criminal Justice Institute	16.738	JAG-2019-0054	-	43,688
Total - Department of Justice				-	43,688
Department of Transportation					
Federal Transit Cluster Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs Older Adult Services Fund 8803 Capital Asst Program	Indiana Department of Transportation	20.526	DES 1803770C	28,800	28,800
Total - Federal Transit Cluster				28,800	28,800
Highway Planning and Construction Cluster Highway Planning and Construction Countywide Bridge Inspection Fund 1135 Bridge #87 11th Road Fund 1135 Bridge #120 S Upas Road Fund 1135 Hickory Road Bridge #81 DES#1383474 Fund 1135 Highway-Bridge#73 King Road	Indiana Department of Transportation	20.205	DES 1592161 DES 17020839 DES 1702838 DES 1383474 DES1600931	- - - - -	134,069 42,779 51,212 60,165 89,193
Total - Highway Planning and Construction				-	377,418
Total - Highway Planning and Construction Cluster				-	377,418
Highway Safety Cluster State and Community Highway Safety Sheriff SAVE Grant Fund 8805 Operation Pullover Fund 8805 DUI Task Force Fund 8806	Indiana Criminal Justice Institute	20.600	69A3751930000402INO OPO-2019-00029 DUI2019-00014	- - -	2,280 6,088 19,981
Total - State and Community Highway Safety				-	28,349
Total - Highway Safety Cluster				-	28,349

MARSHALL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2019

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	Passed Through to Subrecipient	Total Federal Awards Expended
Formula Grants for Rural Areas and Tribal Transit Program Older Adult Services - 8803 Operating Asst Program	Indiana Department of Transportation	20.509	DES 18037700	179,241	179,241
Total - Department of Transportation				208,041	613,808
<u>Election Assistance Commission</u>					
2018 HAVA Election Security Grants HAVA Grant Fund 8818	Secretary of State	90.404	#04018INHVAELEC	-	3,866
Total - Election Assistance Commission				-	3,866
<u>Department of Health and Human Services</u>					
Public Health Emergency Preparedness Emergency Preparedness Grant	Indiana Department of Health	93.069	#40093069PHEPA20	-	6,238
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements Emergency Preparedness Educator Fund 1159	Indiana Department of Health	93.074	20002871-2019-50-3	-	16,066
Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	Indiana Department of Health	93.197			
LEAD Grant Fund 1159			#40093197CLSUP19	-	4,999
Child Support Enforcement IVD Reimbursement General Fund 1000 & 2511 IVD Incentive-County Fund 8895 IVD Incentive Prosecutor Fund 8897 IVD Incentive-Clerk Prior Oct. 1999 Fund 8899	Indiana Department of Child Services	93.563	1904INCSES FY 2017-2018 FY 2017-2018 FY2017-2018	- - - -	156,052 96,310 - 5,591
Total Child Support Enforcement				-	257,953
Total - Department of Health and Human Services				-	285,256
<u>Department of Homeland Security</u>					
Hazardous Materials Training Program Lake Enforcement DNR Fund 8811	Indiana Department of Natural Resources	97.020	FY 2019	-	5,000
Disaster Grants-Public Assistance (Presidentially Declared Disasters) Disaster Recovery Flood 2018	Indiana Department of Homeland Security	97.036	358PA436300000	-	117,644
Emergency Management Performance Grants EMA-1000 FY 2019	Indiana Department of Homeland Security	97.042	2018-EMPG-RFE63351	-	23,340
Total - Department of Homeland Security				-	145,984
Total federal awards expended				\$ 708,041	\$ 1,828,053

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

MARSHALL COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

A. 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, 2019. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the County, it is not intended to and does not present the financial position of the County.

B. Other Significant Accounting Policies

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

Note 2. Indirect Cost Rate

The County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

MARSHALL COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
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
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii Highway Planning and Construction Cluster	Unmodified Unmodified

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

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

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

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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.



Julie A. Fox
Marshall County Auditor
112 W. Jefferson St., Room 205
Plymouth, IN 46563

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Email: julief@co.marshall.in.us

Fax: 574-935-4863

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-001

Fiscal year in which the finding initially occurred: 2016

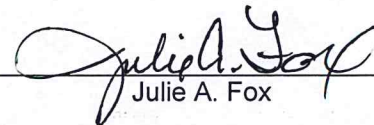
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: *Indiana Dept. of Child Services*

Contact Person Responsible for Corrective Action: *Julie A. Fox, Marshall County Auditor*

Contact Phone Number: *(574) 935-8555*

Status of Audit Finding: Marshall County implemented controls over the internal control system to ensure compliance with requirements related to the grant agreement and allowable costs/principles related to the cost allocation plan.

Marshall County has also entered into a contract with a new Vendor to prepare the Cost Allocation Plan beginning with plan year 2020.



Julie A. Fox
Marshall County Auditor

March 11, 2020

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)



E. Nelson Chipman, Jr.
Prosecuting Attorney of Marshall County
72nd Judicial Circuit

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2018-001

Fiscal year in which finding initially occurred: 2018
Pass-through entity: Indiana Department of Child Services
Contact person responsible for corrective action: E. Nelson Chipman, Jr.
Contact phone number: (574) 935-8636

Status of Audit Finding: Since the Corrective Action Plan was implemented on July 8, 2019, wage support for the full time Clerk position was immediately removed from the incentive fund. Wages for the Clerk position continue to be derived from sources other than the incentive fund.

Secondly, the confusion resulting in the audit finding of inadequate documentation for time spent by two different deputy prosecutors was resolved by the CAP by formally designating only one deputy prosecutor as the primary child support enforcement attorney. Additionally, as detailed in the CAP, the designated deputy prosecutor logs related professional time on Personal Activity Reports. These PARs are available for inspection.

Respectfully,

E. Nelson Chipman, Jr.
Prosecuting Attorney
Marshall County, IN
March 13, 2020

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/>.