

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

FEDERAL COMPLIANCE AUDIT REPORT

OF

HANCOCK COUNTY, INDIANA

January 1, 2019 to December 31, 2019



**FILED**  
09/30/2020



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Debra A. Carnes	01-01-19 to 12-31-20
County Treasurer	Janice Silvey	01-01-19 to 12-31-20
Clerk of the Circuit Court	Lisa Lofgreen	01-01-19 to 12-31-20
County Sheriff	Brad Burkhart	01-01-19 to 12-31-20
County Recorder	Marcia Moore	01-01-19 to 12-31-20
President of the Board of County Commissioners	John Jessup	01-01-19 to 12-31-20
President of the County Council	William Bolander	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 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), 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 September 23, 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

September 23, 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 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 *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 September 23, 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

September 23, 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.

HANCOCK 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
<u>Department of Housing and Urban Development</u>					
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Indiana Office of Community and Rural Affairs	14.228	D3-18-12262	\$ -	\$ 6,177
Total - Department of Housing and Urban Development				-	6,177
<u>Department of Justice</u>					
Crime Victim Assistance VOCA-Grant Victim Assistance	Indiana Criminal Justice Institute	16.575	D3-15-9813	-	52,933
Drug Court Discretionary Grant Program Dept. of Justice Office of Civil Rights Grant	Indiana Criminal Justice Institute	16.585	2019-DC-BX-0065	-	15,994
Violence Against Women Formula Grants STOP-Grant Violence Against Women	Indiana Criminal Justice Institute	16.588	D3-16-10491	-	70,081
Bulletproof Vest Partnership Program Bulletproof Vest Grant	Direct Grant	16.607		-	7,722
Edward Byrne Memorial Justice Assistance Grant Program Community Corrections Problem Solving JAG Multijurisdiction Drug and Underage Drinking	Indiana Criminal Justice Institute	16.738	19-CSPSC-C30-DC-025 D3-15-9848	-	2,500 11,953
Total - Edward Byrne Memorial Justice Assistance Grant Program				-	14,453
Equitable Sharing Program Sheriff Federal Equitable Sharing Program	Direct Grant	16.922	17-DEA-630963	-	2,107
Total - Department of Justice				-	163,290
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction DES: 1500282 Bridge Inspection DES: 1600633 Right of Way Acquisition DES: 1702754 DES: 1702755	Indiana Department of Transportation	20.205	A249-18-L180058 A249-18-L170069 A249-20-L090116 A249-20-L190118	- - - -	67,496 387,856 54,240 21,760
Total - Highway Planning and Construction Cluster				-	531,352
Highway Safety Cluster State and Community Highway Safety SAVE-Stop Arm Violation Enforcement Operation Pull Over (OPO) Enforcement Program	Indiana Criminal Justice Institute	20.600	69A37519300004020IN0 D3-14-8252	- -	2,302 8,221
Total - Highway Safety Cluster				-	10,523
Minimum Penalties for Repeat Offenders for Driving While Intoxicated DUI Hancock TSP Grant	Indiana Criminal Justice Institute	20.608	D3-14-8128	-	6,404

HANCOCK 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	Indiana Department of Transportation	20.509			
Hancock County Rural Transit			A249-18-G170196	-	51,444
Hancock Area Rural Transit			A249-19-G180388	-	179,859
Total - Formulas Grants for Rural Areas and Tribal Transit Program				-	231,303
Federal Transit Cluster					
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs		20.526		-	115,200
Total Federal Transit Cluster				-	115,200
Total - Department of Transportation				-	894,782
<u>Election Assistance Commission</u>					
2018 HAVA Election Security Grants	Direct Grant	90.404			
HAVA (Help America Vote Act)				-	33,076
Total - Election Assistance Commission				-	33,076
<u>Department of Health and Human Services</u>					
Medical Reserve Corps Small Grant Program	Direct Grant	93.008			
NACCHO Grant				-	500
Public Health Emergency Preparedness	Indiana Department of Health	93.069			
				-	11,304
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	Indiana Department of Health	93.074	U90TP000521	-	31,371
Child Support Enforcement	Indiana Department of Child Services	93.563			
Title IV-D Incentive General Fund			FY 2019	-	19,902
Prosecutor Title IV-D Incentive			FY 2019	-	18,788
Prosecutor Direct Reimbursements Title IVD			FY 2019	-	219,404
Indirect Costs			FY 2019	-	25,548
Clerk Direct Reimbursements Title IVD			FY 2019	-	27,636
Clerk Title IV-D Incentive			FY 2019	-	11,250
Clerk Perpetuation-Title IVD Reimbursements			FY 2019	-	156
CCD Fund Reimbursement Title IV-D			FY 2019	-	1,693
Total - Child Support Enforcement				-	324,377
Total - Department of Health and Human Services				-	367,552
Total federal awards expended				\$ -	\$ 1,464,877

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. 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.

HANCOCK COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
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
93.563	Highway Planning and Construction Child Support Enforcement	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.

# HANCOCK COUNTY AUDITOR

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2018-001** (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: 2015  
Contact Person Responsible for Corrective Action: Debra Carnes  
Contact Phone Number: 317-477-1105

#### Status of Audit Finding:

As of June 2019, I created and implemented our office's internal controls. The 2019 Audit Finding which initially occurred in 2015 has been corrected. We used our controls to monitor and examine our 2019 SEFA report, and will use the following controls for all future grant schedules, ledger and prior year SEFA reports. Once the Auditor and Bookkeeper have reviewed and accepted grants, both of us will initial the attached tracking sheet. We have created and will maintain a binder for each grant. All emails referencing grants will be collected and placed in the grant binders. We will utilize an excel spread sheet to track grants for the SEFA report and this will serve as a check and balance also. I will utilize the government website (SAMS) to identify federal grants versus state grants. Both the Auditor and Bookkeeper will identify grants as reimbursable or advance grants. The Auditor requires departments to send all grant information to the Auditor's office: (*Grant application, grant agreement, grant budget and documentation of claims submitted for reimbursement*). The Bookkeeper will establish a separate grant fund for each Federal Grant and the Auditor will review. Each department must supply source of funding and CFDA number for federal grant to the Auditor's office. Once the current year SEFA Report is completed the Auditor and Bookkeeper will compare to the prior year to double check accuracy. We are confident we will be able to prevent future issues by utilizing the controls we have in place.

Debra A. Carnes / August 20, 2020  
(Signature) (Date)  
Hancock County Auditor  
(Title)

Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see 2 CFR §200.511(b.)

## 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/>.