

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

ANNUAL FINANCIAL REPORT

2005

LAWRENCE COUNTY, INDIANA



FILED
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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|---|---------------------------|--|
| Auditor | Billie J. Tumey | 01-01-05 to 12-31-08 |
| Treasurer | Debbie Thompson | 01-01-05 to 12-31-08 |
| Clerk | Julie Chase Brinegar | 01-01-05 to 12-31-08 |
| Sheriff | Kent Hawkins | 01-01-03 to 12-31-06 |
| Recorder | Myron Rainey | 01-01-05 to 12-31-08 |
| President of the Board of County Commissioners | Janie Craig Chenault | 01-01-05 to 12-31-06 |
| President of the County Council | James Edwards Joe Ross | 01-01-05 to 12-31-05 01-01-06 to 12-31-06 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF LAWRENCE COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lawrence County (County), as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the County prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As discussed in Note I, the financial statements referred to above do not include a number of component units of the County which should have been included to fairly present the financial position of the County.

In our opinion, except that the omission of the component units of the County referred to in the preceding paragraph results in incomplete presentation, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2005, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated July 26, 2006, 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 and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the County taken as a whole. 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedules of Funding Progress, as listed in the table of contents, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The County has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Combining Schedules, as listed in the table of contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not a required part of the basic financial statements. The Combining Schedules, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

July 26, 2006



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

TO: THE OFFICIALS OF LAWRENCE COUNTY, INDIANA

We have audited the financial statements of Lawrence County (County), as of and for the year ended December 31, 2005, and have issued our report thereon dated July 26, 2006. The opinion to the financial statements was qualified due to omission of the component units of Lawrence County which results in incomplete presentation. 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.

Compliance

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

We noted other matters involving the internal control over financial reporting that we have discussed with the management of the County on July 19, 2006. These immaterial instances of noncompliance were subsequently communicated to management in a separate letter.

This report is intended solely for the information and use of the County's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

July 26, 2006

STATE BOARD OF ACCOUNTS

LAWRENCE COUNTY
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2005

| <u>Functions/Programs</u> | <u>Disbursements</u> | <u>Program Receipts</u> | | <u>Capital Grants and Contributions</u> | <u>Net (Disbursements) Receipt and Changes in Net Assets</u> |
|--------------------------------------|-----------------------------|---------------------------------|---|---|--|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Operating Grants and Contributions</u> | <u>Governmental Activities</u> |
| Governmental activities: | | | | | |
| General government | \$ 9,029,757 | \$ 653,952 | \$ 5,545,552 | \$ 188,197 | \$ (2,642,056) |
| Public safety | 6,475,881 | 1,536,615 | 679,032 | 70,000 | (4,190,234) |
| Highways and streets | 3,732,057 | - | 2,726,416 | 359,705 | (645,936) |
| Sanitation | 498,894 | - | - | - | (498,894) |
| Health and welfare | 2,556,035 | 112,614 | 206,723 | 875,425 | (1,361,273) |
| Economic development | 20,000 | - | - | - | (20,000) |
| Aviation | 77,961 | - | 85,032 | 280,614 | 287,685 |
| Interest on long-term debt | 366,675 | - | - | - | (366,675) |
| Total governmental activities | <u>\$ 22,757,260</u> | <u>\$ 2,303,181</u> | <u>\$ 9,242,755</u> | <u>\$ 1,773,941</u> | <u>(9,437,383)</u> |
| | | | | | |
| General receipts: | | | | | |
| Property taxes | | | | | 14,257,018 |
| Bonds and loans | | | | | 130,654 |
| Unrestricted investment earnings | | | | | 355,900 |
| Riverboat revenue sharing | | | | | 166,692 |
| Proceeds from sale of assets | | | | | 14,769 |
| Insurance proceeds | | | | | <u>1,955</u> |
| Total general receipts | | | | | <u>14,926,988</u> |
| Change in net assets | | | | | 5,489,605 |
| Net assets - beginning | | | | | <u>897,059</u> |
| Net assets - ending | | | | | <u>\$ 6,386,664</u> |
| | | | | | |
| <u>Assets</u> | | | | | |
| Cash and investments | | | | | \$ 393,436 |
| Restricted assets: | | | | | |
| Cash and investments | | | | | <u>5,993,228</u> |
| Total assets | | | | | <u>\$ 6,386,664</u> |
| | | | | | |
| <u>Net Assets</u> | | | | | |
| Restricted for: | | | | | |
| General government | | | | | \$ 968,416 |
| Public safety | | | | | 633,613 |
| Highways and streets | | | | | 592,598 |
| Health and welfare | | | | | 878,913 |
| Aviation | | | | | 92,119 |
| Debt service | | | | | 450,623 |
| Capital outlay | | | | | 2,376,946 |
| Unrestricted | | | | | <u>393,436</u> |
| Total net assets | | | | | <u>\$ 6,386,664</u> |

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

LAWRENCE COUNTY
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2005

| | General | County Highway | Cumulative Bridge | Cumulative Capital Development | Other Governmental Funds | Totals |
|--|--------------------|-------------------|----------------------|--------------------------------------|--------------------------------|---------------------|
| Receipts: | | | | | | |
| Taxes | \$ 7,704,299 | \$ - | \$ 1,453,711 | \$ 503,732 | \$ 4,595,276 | \$ 14,257,018 |
| Intergovernmental | 5,361,598 | 2,296,594 | 290,046 | 69,659 | 3,165,491 | 11,183,388 |
| Charges for services | 605,341 | - | - | - | 1,697,840 | 2,303,181 |
| Other | 357,970 | 8,824 | 5,830 | - | - | 372,624 |
| Total receipts | 14,029,208 | 2,305,418 | 1,749,587 | 573,391 | 9,458,607 | 28,116,211 |
| Disbursements: | | | | | | |
| General government | 5,719,486 | - | - | - | 925,795 | 6,645,281 |
| Public safety | 3,373,339 | - | - | - | 2,608,067 | 5,981,406 |
| Highways and streets | - | 2,327,142 | - | - | 480,291 | 2,807,433 |
| Sanitation | 498,894 | - | - | - | - | 498,894 |
| Health and welfare | 143,143 | - | - | - | 2,412,892 | 2,556,035 |
| Economic development | 20,000 | - | - | - | - | 20,000 |
| Aviation | - | - | - | - | 77,961 | 77,961 |
| Debt service: | | | | | | |
| Principal | - | - | - | - | 664,475 | 664,475 |
| Interest | - | - | - | - | 366,675 | 366,675 |
| Capital outlay: | | | | | | |
| Highways and streets | - | - | 777,050 | 147,574 | - | 924,624 |
| Total disbursements | 9,754,862 | 2,327,142 | 777,050 | 147,574 | 7,536,156 | 20,542,784 |
| Excess (deficiency) of receipts over (under) disbursements | 4,274,346 | (21,724) | 972,537 | 425,817 | 1,922,451 | 7,573,427 |
| Other financing sources (uses) | | | | | | |
| Bond/loan proceeds - long term | - | - | - | - | 130,654 | 130,654 |
| Short-term debt proceeds | 157,300 | - | - | - | 302,140 | 459,440 |
| Principal on short-term debt | (1,924,845) | - | - | - | (679,141) | (2,603,986) |
| Interest on short-term debt | (59,349) | - | - | - | (10,581) | (69,930) |
| Total other financing sources (uses) | (1,826,894) | - | - | - | (256,928) | (2,083,822) |
| Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses | 2,447,452 | (21,724) | 972,537 | 425,817 | 1,665,523 | 5,489,605 |
| Cash and investment fund balance - beginning | (2,037,603) | 561,127 | 215,396 | 484,082 | 1,674,057 | 897,059 |
| Cash and investment fund balance - ending | \$ 409,849 | \$ 539,403 | \$ 1,187,933 | \$ 909,899 | \$ 3,339,580 | \$ 6,386,664 |
| <u>Cash and Investment Assets - December 31</u> | | | | | | |
| Cash and investments | \$ 409,849 | \$ - | \$ - | \$ - | \$ (16,413) | \$ 393,436 |
| Restricted assets: | | | | | | |
| Cash and investments | - | 539,403 | 1,187,933 | 909,899 | 3,355,993 | 5,993,228 |
| Total cash and investment assets - December 31 | \$ 409,849 | \$ 539,403 | \$ 1,187,933 | \$ 909,899 | \$ 3,339,580 | \$ 6,386,664 |
| <u>Cash and Investment Fund Balance - December 31</u> | | | | | | |
| Restricted for: | | | | | | |
| General government | \$ - | \$ - | \$ - | \$ - | \$ 968,416 | \$ 968,416 |
| Public safety | - | - | - | - | 633,613 | 633,613 |
| Highways and streets | - | 539,403 | - | - | 53,195 | 592,598 |
| Health and welfare | - | - | - | - | 878,913 | 878,913 |
| Aviation | - | - | - | - | 92,119 | 92,119 |
| Debt service | - | - | - | - | 450,623 | 450,623 |
| Capital outlay | - | - | 1,187,933 | 909,899 | 279,114 | 2,376,946 |
| Unrestricted | 409,849 | - | - | - | (16,413) | 393,436 |
| Total cash and investment fund balance - December 31 | \$ 409,849 | \$ 539,403 | \$ 1,187,933 | \$ 909,899 | \$ 3,339,580 | \$ 6,386,664 |

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

LAWRENCE COUNTY
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2005

| | <u>Pension Trust Funds</u> | <u>Private-Purpose Trust Funds</u> | <u>Agency Funds</u> |
|---|--------------------------------|--|-------------------------|
| Additions: | | | |
| Contributions: | | | |
| Employer | \$ 202,410 | \$ - | \$ - |
| Other | <u>104</u> | <u>-</u> | <u>-</u> |
| Total contributions | <u>202,514</u> | <u>-</u> | <u>-</u> |
| Investment earnings: | | | |
| Net (decrease) in fair value of investments | 20,432 | - | - |
| Interest | <u>54,269</u> | <u>-</u> | <u>-</u> |
| Total investment earnings | <u>74,701</u> | <u>-</u> | <u>-</u> |
| Agency fund additions | <u>-</u> | <u>-</u> | <u>154,019,805</u> |
| Total additions | <u>277,215</u> | <u>-</u> | <u>154,019,805</u> |
| Deductions: | | | |
| Benefits | 116,792 | - | - |
| Administrative and general | 39,789 | - | - |
| Agency fund deductions | <u>-</u> | <u>-</u> | <u>167,096,862</u> |
| Total deductions | <u>156,581</u> | <u>-</u> | <u>167,096,862</u> |
| Excess (deficiency) of total additions over (under) total deductions | 120,634 | - | (13,077,057) |
| Cash and investment fund balance - beginning | <u>1,736,027</u> | <u>15,582</u> | <u>16,838,793</u> |
| Cash and investment fund balance - ending | <u>\$ 1,856,661</u> | <u>\$ 15,582</u> | <u>\$ 3,761,736</u> |

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

LAWRENCE COUNTY
NOTES TO FINANCIAL STATEMENTS

I. 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 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 County's financial reporting entity is composed of the following:

| | |
|--------------------------------------|---|
| Primary Government: | Lawrence County |
| Blended Component Unit: | Lawrence County Detention Center Holding Corporation |
| Blended Component Unit: | Lawrence County Indiana Courthouse Annex Building Corporation |
| Discretely Presented Component Unit: | Dunn Memorial Hospital |
| Discretely Presented Component Unit: | Lawrence County Solid Waste Management District |

In determining the financial reporting entity, the County complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Dunn Memorial Hospital and Lawrence County Solid Waste Management District, discretely presented component units, and Lawrence County Detention Center Holding Corporation and the Lawrence County Indiana Courthouse Annex Building Corporation, blended component units, have been omitted from these financial statements. Accordingly, the financial statements do not include the data of all of the County's component units necessary to fairly present the financial position of the County.

Related Organizations

The County's officials are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis display information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. There are no business-type activities to report at this time.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary

LAWRENCE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the County has not established any enterprise funds.

The County reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The county highway fund is used for construction, reconstruction and maintenance of the highways of the county.

The cumulative bridge fund is used for the cost of construction, maintenance, and repair of bridges, approaches, and grade separations as authorized by Indiana Code 8-16-3-1.

The cumulative capital development fund is used to account for receipts and disbursements authorized by Indiana Code 36-9-14.5-2 and Indiana Code 36-9-14.5-8.

Additionally, the County reports the following fund types:

The pension trust funds account for the activities of the sheriff's pension trust and the sheriff's benefit pension funds which accumulate resources for pension benefit payments.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the school corporations.

Agency funds account for assets held by the County as an agent for other entities and serve as control of accounts for certain cash transactions during the time they are a liability to the County.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment 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. Investment transactions are not presented on the financial statements.

If the County utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

LAWRENCE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

3. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

4. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the County's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts and Disbursements

Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

LAWRENCE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

1. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
2. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

On or before August 31, the fiscal officer of the County submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the County receives approval of the Indiana Department of Local Government Finance.

The County's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Cash and Investment Balance Deficits

At December 31, 2005, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and State statute:

LAWRENCE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

| Fund | 2005 |
|--|----------|
| Supplemental Juvenile Probation Services | \$ 6,311 |
| Victim Assistance Grant | 8,693 |
| Sheriff Drug Fund | 214 |
| Criminal Justice | 685 |
| Probation Administrative Fee | 27 |
| Juvenile Alcohol and Drug Interv. and Prevention | 5 |
| State Homeland Security 2004 | 202 |
| Non Violence Program Probation | 276 |

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; these deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. Balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. The Sheriff's Merit Board has not established an Investment policy for the Sheriff's Retirement and Benefit Pension Plan. As of December 31, 2005, the County had the following investments:

| Investment Type | Sheriff's Retirement and Benefit Pension Plans |
|--------------------------------|---|
| U.S. Treasuries and Securities | \$ 235,195 |
| U.S. Agencies | 132,570 |
| Mutual Funds | 96,051 |
| Corporate bonds | 160,997 |
| Corporate stock | 1,284,023 |
| Total | \$ 1,908,836 |

LAWRENCE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Investment Policy

Indiana Code 5-13-9 authorizes the County to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the unit to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the County and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the County may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the unit's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

The Sheriff's Pension Plan is not subject to the same investment laws as the county. The Sheriff's Merit Board has not adopted an investment policy for interest rate and credit risk.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.

The Sheriff's Merit Board has not adopted an investment policy for custodial credit risk for investments. At December 31, 2005, the Sheriff's Retirement and Benefit Pension Plans held investments in U.S. Treasury Securities, U.S. Agencies, mutual equity funds, mutual bond funds, corporate bonds, and corporate stocks in the amount of \$1,908,836. Of these investments \$1,908,836 are held by the investment's counterparty, not in the name of the Sheriff's Pension Plan.

LAWRENCE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Sheriff's Merit Board has not adopted a formal Investment policy that limits investment maturities as a means of managing its exposure to fair value losses.

Sheriff's Retirement and Benefit Pension Plans:

| Investment Type | Investment Maturities (in Years) | | |
|--------------------------------|----------------------------------|-------------------|-------------------|
| | Less Than 1 | 1-2 | More Than 2 |
| U.S. Treasuries and Securities | \$ 108,261 | \$ 71,076 | \$ 55,858 |
| U.S. Agencies | - | 110,635 | 21,935 |
| Mutual Funds | 96,051 | - | - |
| Corporate bonds | 18,051 | 57,619 | 85,327 |
| Corporate stock | 1,284,023 | - | - |
| Totals | <u>\$ 1,506,386</u> | <u>\$ 239,330</u> | <u>\$ 163,120</u> |

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The distribution of securities with credit ratings is summarized below.

Sheriff's Retirement and Benefit Pension Plans:

| Standard and Poor's Rating | Moody's Rating | County's Investments | | |
|----------------------------|----------------|----------------------|-------------------|---------------------------------|
| | | Mutual Funds | Corporate Bonds | Government Sponsored Enterprise |
| AAA | Aaa | \$ - | \$ 31,927 | \$ - |
| AA | Aa | - | 9,222 | - |
| A | A | - | 113,102 | - |
| BBB | Baa | - | 6,746 | - |
| Unrated | Unrated | 96,051 | - | 132,570 |
| Totals | | <u>\$ 96,051</u> | <u>\$ 160,997</u> | <u>\$ 132,570</u> |

LAWRENCE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Sheriff's Merit Board has not adopted a policy for the concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement. More than 5% of the Sheriff's Retirement and Benefit investments are in U.S. Treasury Securities, U.S. Agencies, corporate bonds, and corporate stocks. These investments represent 12%, 7%, 8%, and 68%, respectively, of the total invest.

Foreign Currency Risk

The Sheriff's Merit Board has not adopted a formal policy in regards to foreign currency risk. There is no foreign currency related to this investment.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2005, were as follows:

| <u>Transfer From</u> | <u>Transfer To</u> | <u>2005</u> |
|--------------------------------|--------------------------------|---------------------|
| General Fund | County Highway | \$ 6,000 |
| | Other governmental | 73,074 |
| | All others | 1,292 |
| Cumulative Capital Development | General Fund | 64,000 |
| | Other governmental | 26,654 |
| | All others | 1,000 |
| County Highway | Cumulative Bridge | 15,000 |
| Cumulative Bridge | County Highway | 12,000 |
| Other governmental | General Fund | 310,605 |
| | Cumulative Capital Development | 114,934 |
| | Other governmental | 757,577 |
| All others | County Highway | 2,500 |
| | Other governmental | 19,225 |
| | All others | <u>416,553</u> |
| Total | | <u>\$ 1,820,414</u> |

The County typically uses transfers for cash flow purposes as provided by various statutory provisions.

IV. Other Information

A. Risk Management

The County is 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; and natural disasters.

LAWRENCE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Job Relate Illnesses or Injuries to Employees

During 2003, the County joined a public entity risk pool, the Indiana Public Employer's Plan, Inc., currently operating as a common risk management and insurance program for member governmental entities. This risk pool was formed in 1989 for the purpose of providing a medium for the funding and administration of workers' compensation claims. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event.

B. Holding Corporations

The County has entered into a capital lease with the Lawrence County Detention Center Holding Corporation. The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the County. The lessor has been determined to be a related party of the County. Lease payments during the year totaled \$680,000.

The County has entered into a capital lease with Lawrence County Indiana Courthouse Annex Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the County. The lessor has been determined to be a related party of the County. Lease payments during the year totaled \$258,278.

C. Subsequent Events

The December 2005 settlement was incorrect due to a software error. During December 2005 the County received \$150,692 of tax distributions into the County General Fund that should have been distributed to other taxing districts. On February 14, 2006, the County disbursed those funds to the proper taxing districts.

On January 4, 2006, the County issued \$2,800,000 of tax anticipation warrants. The warrants are due on December 29, 2006, and were issued at an interest rate of 3.69%.

D. Conduit Debt Obligation

The County has authorized the issue of Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2005, there was one series of Economic Development Revenue Bonds outstanding with an aggregate principal amount payable of \$1,117,500.

LAWRENCE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

The County has authorized the issue of Tax Increment Revenue Bonds for the purpose of raising money for property acquisition, economic development and redevelopment in Lawrence County Economic Development Area, Allocation Area No. 1. The bonds were subsequently sold by private negotiated sale at a price of 100%. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds.

As of December 31, 2005, there was one series of Tax Increment Revenue Bonds outstanding with an aggregate principal amount payable of \$325,000.

E. Administration of Welfare Programs

The County is required to provide certain funding for administrative costs of welfare programs, the Hospital Care for Indigent Program, Medical Assistance to Wards and Children with Special Health Care Needs through local property tax levies. The County remits those taxes to the State, which pays the cost.

F. Pension Plans

Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

1. Public Employees' Retirement Fund

Plan Description

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

PERF 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. The report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The County's annual pension cost and related information, as provided by the actuary, is presented in this note.

LAWRENCE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Information to segregate the assets/liabilities and the actuarial study figures between the County and the Utilities is not available.

2. County Police Retirement Plan

Plan Description

The County contributes to the County Police Retirement Plan, which 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. 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 and Annual Pension Cost

The contribution requirements of plan members for the County Police Retirement Plan are established by state statute. The County's annual pension cost and related information, as provided by the actuary, is presented in this note.

3. County Police Benefit Plan

Plan Description

The County contributes to the County Police Benefit Plan which 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. 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 and Annual Pension Cost

The contribution requirements of plan members for the County Police Benefit Plan are established by state statute. The County's annual pension cost and related information, as provided by the actuary, is presented in this note.

LAWRENCE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plans

| | PERF | County Police Retirement Plan | County Police Benefit Plan |
|--|-------------|-------------------------------------|----------------------------------|
| Annual required contribution | \$ 285,102 | \$ 178,629 | \$ 72,507 |
| Interest on net pension obligation | (6,540) | 2,266 | - |
| Adjustment to annual required contribution | 7,453 | (3,499) | - |
| Annual pension cost | 286,015 | 177,396 | 72,507 |
| Contributions made | 263,975 | 152,611 | 72,507 |
| Increase in net pension obligation | 22,040 | 24,785 | - |
| Net pension obligation, beginning of year | (90,203) | 32,370 | - |
| Net pension obligation, end of year | \$ (68,163) | \$ 57,155 | \$ - |

| | PERF | County Police Retirement Plan | County Police Benefit Plan |
|------------------------------------|---|---|---|
| Contribution rates: | | | |
| County | 5% | 18.8% | 7.2% |
| Plan members | 3% | 6% | 6% |
| Actuarial valuation date | 07-01-05 | 10-01-05 | 10-01-05 |
| Actuarial cost method | Entry age | Entry age | Entry age |
| Amortization method | Level percentage of projected payroll, closed | Level percentage of projected payroll, closed | Level percentage of projected payroll, closed |
| Amortization period | 40 years | 40 years | 40 years |
| Amortization period (from date) | 07-01-97 | 12-31-97 | 12-31-97 |
| Asset valuation method | 4 year smoothed market | 4 year smoothed market | 4 year smoothed market |

Actuarial Assumptions

| | | | |
|------------------------------------|-------|----|----|
| Investment rate of return | 7.25% | 7% | 7% |
| Projected future salary increases: | | | |
| Total | 5% | 5% | 5% |
| Attributed to inflation | 4% | 4% | 4% |
| Attributed to merit/seniority | 1% | 1% | 1% |
| Cost-of-living adjustments | 2% | 2% | 0% |

LAWRENCE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Three Year Trend Information

| | <u>Year Ending</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contributed</u> | <u>Net Pension Obligation</u> |
|-------------------------------|------------------------|--|--|---------------------------------------|
| PERF | 06-30-03 | \$ 274,876 | 77% | \$ (47,522) |
| | 06-30-04 | 209,569 | 120% | (90,203) |
| | 06-30-05 | 286,015 | 126% | (68,163) |
| County Police Retirement Plan | 12-31-03 | 157,826 | 52.4% | 12,199 |
| | 12-31-04 | 151,922 | 86.5% | 32,370 |
| | 12-31-05 | 177,396 | 85.4% | 57,155 |
| County Police Benefit Plan | 12-31-03 | 50,522 | 100% | - |
| | 12-31-04 | 70,589 | 100% | - |
| | 12-31-05 | 72,507 | 100% | - |

LAWRENCE COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Excess of Assets Over (Unfunded) AAL (a-b) | Funded Ratio (a/b) | Covered Payroll (c) | Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c) |
|--------------------------------|--|---|--|--------------------------|---------------------------|--|
| 07-01-03 | \$ 4,263,091 | \$ 4,173,553 | \$ 89,538 | 102% | \$ 4,777,996 | 2% |
| 07-01-04 | 4,352,076 | 4,812,839 | (460,763) | 90% | 5,446,192 | (8%) |
| 07-01-05 | 4,562,226 | 5,431,213 | (868,987) | 84% | 5,325,712 | (16%) |

County Police Retirement Plan

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Excess of Assets Over AAL (a-b) | Funded Ratio (a/b) | Covered Payroll (c) | Excess AAL as a Percentage of Covered Payroll ((a-b)/c) |
|--------------------------------|--|---|--|--------------------------|---------------------------|--|
| 10-01-00 | \$ 1,619,930 | \$ 1,619,930 | \$ - | 100% | \$ 791,014 | 0% |
| 10-01-01 | 1,659,285 | 1,659,285 | - | 100% | 821,103 | 0% |
| 10-01-02 | 1,657,949 | 1,657,949 | - | 100% | 882,345 | 0% |
| 10-01-03 | 1,641,095 | 1,641,095 | - | 100% | 881,157 | 0% |
| 10-01-04 | 1,690,515 | 1,690,515 | - | 100% | 949,796 | 0% |
| 10-01-05 | 1,925,196 | 1,925,196 | - | 100% | 965,015 | 0% |

LAWRENCE COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005

| | County Health | Local Road and Street | Property Reassessment # 1 | Property Reassessment # 2 | Accident Report | Firearms Training | Surveyor's Corner Perpetuation |
|---|------------------|--------------------------|------------------------------|------------------------------|--------------------|----------------------|--------------------------------------|
| Receipts: | | | | | | | |
| Taxes | \$ 306,963 | \$ - | \$ - | \$ 247,216 | \$ - | \$ - | \$ - |
| Intergovernmental | 57,741 | 429,822 | 35,228 | 41,515 | - | - | - |
| Charges for services | 50,561 | - | - | - | 3,040 | 6,550 | 11,866 |
| Total receipts | 415,265 | 429,822 | 35,228 | 288,731 | 3,040 | 6,550 | 11,866 |
| Disbursements: | | | | | | | |
| General government | - | - | 8,492 | 222,934 | - | - | 16,256 |
| Public safety | - | - | - | - | - | - | - |
| Highways and streets | - | 480,291 | - | - | - | - | - |
| Health and welfare | 302,134 | - | - | - | - | - | - |
| Aviation | - | - | - | - | - | - | - |
| Debt service: | | | | | | | |
| Principal | - | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - | - |
| Total disbursements | 302,134 | 480,291 | 8,492 | 222,934 | - | - | 16,256 |
| Excess (deficiency) of receipts over (under) disbursements | 113,131 | (50,469) | 26,736 | 65,797 | 3,040 | 6,550 | (4,390) |
| Other financing sources (uses) | | | | | | | |
| Bond/loan proceeds - long-term | - | - | - | - | - | - | - |
| Short-term debt proceeds | - | - | - | - | - | - | - |
| Principal on short-term debt | - | - | - | - | - | - | - |
| Interest on short-term debt | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses | 113,131 | (50,469) | 26,736 | 65,797 | 3,040 | 6,550 | (4,390) |
| Cash and investment fund balance - beginning | (58,799) | 103,664 | (26,736) | 271,588 | 20,731 | 11,161 | 24,675 |
| Cash and investment fund balance - ending | \$ 54,332 | \$ 53,195 | \$ - | \$ 337,385 | \$ 23,771 | \$ 17,711 | \$ 20,285 |
| Cash and Investment Assets - December 31 | | | | | | | |
| Cash and investments | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted assets: | | | | | | | |
| Cash and investments | 54,332 | 53,195 | - | 337,385 | 23,771 | 17,711 | 20,285 |
| Total cash and investment assets - December 31 | \$ 54,332 | \$ 53,195 | \$ - | \$ 337,385 | \$ 23,771 | \$ 17,711 | \$ 20,285 |
| Cash and Investment Fund Balance - December 31 | | | | | | | |
| Restricted for: | | | | | | | |
| General government | \$ - | \$ - | \$ - | \$ 337,385 | \$ - | \$ - | \$ 20,285 |
| Public safety | - | - | - | - | 23,771 | 17,711 | - |
| Highways and streets | - | 53,195 | - | - | - | - | - |
| Health and welfare | 54,332 | - | - | - | - | - | - |
| Aviation | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Unrestricted | - | - | - | - | - | - | - |
| Total cash and investment fund balance - December 31 | \$ 54,332 | \$ 53,195 | \$ - | \$ 337,385 | \$ 23,771 | \$ 17,711 | \$ 20,285 |

LAWRENCE COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005
 (Continued)

| | Supplemental Adult Probation Services | Supplemental Juvenile Probation Services | Recorder's Records Perpetuation | Emergency Response Services | County Law Enforcement Continuing Education | County User Fee | Local Health Maintenance |
|---|--|---|---------------------------------------|-----------------------------------|--|--------------------|-----------------------------|
| Receipts: | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | - | - | 543 | - | 26,570 |
| Charges for services | 110,203 | 43,729 | 66,067 | 366,940 | - | 9,877 | - |
| Total receipts | 110,203 | 43,729 | 66,067 | 366,940 | 543 | 9,877 | 26,570 |
| Disbursements: | | | | | | | |
| General government | - | - | 61,086 | - | - | 25,924 | - |
| Public safety | 115,848 | 58,993 | - | 351,135 | - | - | - |
| Highways and streets | - | - | - | - | - | - | - |
| Health and welfare | - | - | - | - | - | - | 18,753 |
| Aviation | - | - | - | - | - | - | - |
| Debt service: | | | | | | | |
| Principal | - | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - | - |
| Total disbursements | 115,848 | 58,993 | 61,086 | 351,135 | - | 25,924 | 18,753 |
| Excess (deficiency) of receipts over (under) disbursements | (5,645) | (15,264) | 4,981 | 15,805 | 543 | (16,047) | 7,817 |
| Other financing sources (uses) | | | | | | | |
| Bond/loan proceeds - long-term | - | - | - | - | - | - | - |
| Short-term debt proceeds | - | - | - | - | - | - | - |
| Principal on short-term debt | - | - | - | - | - | - | - |
| Interest on short-term debt | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses | (5,645) | (15,264) | 4,981 | 15,805 | 543 | (16,047) | 7,817 |
| Cash and investment fund balance - beginning | 18,608 | 8,953 | 29,622 | 62,887 | 6,280 | 96,408 | 9,927 |
| Cash and investment fund balance - ending | \$ 12,963 | \$ (6,311) | \$ 34,603 | \$ 78,692 | \$ 6,823 | \$ 80,361 | \$ 17,744 |
| <u>Cash and Investment Assets - December 31</u> | | | | | | | |
| Cash and investments | \$ - | \$ (6,311) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted assets: | | | | | | | |
| Cash and investments | 12,963 | - | 34,603 | 78,692 | 6,823 | 80,361 | 17,744 |
| Total cash and investment assets - December 31 | \$ 12,963 | \$ (6,311) | \$ 34,603 | \$ 78,692 | \$ 6,823 | \$ 80,361 | \$ 17,744 |
| <u>Cash and Investment Fund Balance - December 31</u> | | | | | | | |
| Restricted for: | | | | | | | |
| General government | \$ - | \$ - | \$ 34,603 | \$ - | \$ - | \$ 80,361 | \$ - |
| Public safety | 12,963 | - | - | 78,692 | 6,823 | - | - |
| Highways and streets | - | - | - | - | - | - | - |
| Health and welfare | - | - | - | - | - | - | 17,744 |
| Aviation | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Unrestricted | - | (6,311) | - | - | - | - | - |
| Total cash and investment fund balance - December 31 | \$ 12,963 | \$ (6,311) | \$ 34,603 | \$ 78,692 | \$ 6,823 | \$ 80,361 | \$ 17,744 |

LAWRENCE COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005
 (Continued)

| | Sheriffs Commissary | Aviation | Guardian Ad Litem | Criminal Justice | Covered Bridge | Emergency Planning and Right to Know | Community Corrections |
|---|------------------------|------------------|----------------------|---------------------|-------------------|--|--------------------------|
| Receipts: | | | | | | | |
| Taxes | \$ - | \$ 94,029 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | 66,248 | 3,267 | - | 1,250 | - | - |
| Charges for services | 200,139 | - | - | 27,687 | - | - | 79,951 |
| Total receipts | 200,139 | 160,277 | 3,267 | 27,687 | 1,250 | - | 79,951 |
| Disbursements: | | | | | | | |
| General government | - | - | - | - | - | - | - |
| Public safety | 319,909 | - | 1,306 | 33,350 | - | - | 142,222 |
| Highways and streets | - | - | - | - | - | - | - |
| Health and welfare | - | - | - | - | - | - | - |
| Aviation | - | 76,461 | - | - | - | - | - |
| Debt service: | | | | | | | |
| Principal | - | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - | - |
| Total disbursements | 319,909 | 76,461 | 1,306 | 33,350 | - | - | 142,222 |
| Excess (deficiency) of receipts over (under) disbursements | (119,770) | 83,816 | 1,961 | (5,663) | 1,250 | - | (62,271) |
| Other financing sources (uses) | | | | | | | |
| Bond/loan proceeds - long-term | - | - | - | - | - | - | - |
| Short-term debt proceeds | - | - | - | - | - | - | - |
| Principal on short-term debt | - | - | - | - | - | - | - |
| Interest on short-term debt | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses | (119,770) | 83,816 | 1,961 | (5,663) | 1,250 | - | (62,271) |
| Cash and investment fund balance - beginning | 128,047 | 8,303 | 5,578 | 4,978 | 16,121 | 7,794 | 93,681 |
| Cash and investment fund balance - ending | <u>\$ 8,277</u> | <u>\$ 92,119</u> | <u>\$ 7,539</u> | <u>\$ (685)</u> | <u>\$ 17,371</u> | <u>\$ 7,794</u> | <u>\$ 31,410</u> |
| <u>Cash and Investment Assets - December 31</u> | | | | | | | |
| Cash and investments | \$ - | \$ - | \$ - | \$ (685) | \$ - | \$ - | \$ - |
| Restricted assets: | | | | | | | |
| Cash and investments | 8,277 | 92,119 | 7,539 | - | 17,371 | 7,794 | 31,410 |
| Total cash and investment assets - December 31 | <u>\$ 8,277</u> | <u>\$ 92,119</u> | <u>\$ 7,539</u> | <u>\$ (685)</u> | <u>\$ 17,371</u> | <u>\$ 7,794</u> | <u>\$ 31,410</u> |
| <u>Cash and Investment Fund Balance - December 31</u> | | | | | | | |
| Restricted for: | | | | | | | |
| General government | \$ 8,277 | \$ - | \$ - | \$ - | \$ 17,371 | \$ - | \$ - |
| Public safety | - | - | 7,539 | - | - | 7,794 | 31,410 |
| Highways and streets | - | - | - | - | - | - | - |
| Health and welfare | - | - | - | - | - | - | - |
| Aviation | - | 92,119 | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Unrestricted | - | - | - | (685) | - | - | - |
| Total cash and investment fund balance - December 31 | <u>\$ 8,277</u> | <u>\$ 92,119</u> | <u>\$ 7,539</u> | <u>\$ (685)</u> | <u>\$ 17,371</u> | <u>\$ 7,794</u> | <u>\$ 31,410</u> |

LAWRENCE COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005
 (Continued)

| | Emergency Management | County Drug Free Community | County Corrections | Pretrial Diversion | Investigation Cash | Victim Assistance Grant | Public Defender |
|---|-------------------------|----------------------------------|-----------------------|-----------------------|-----------------------|-------------------------------|--------------------|
| Receipts: | | | | | | | |
| Taxes | \$ 39,650 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 5,744 | 1,250 | 52,500 | - | - | 26,306 | - |
| Charges for services | - | 47,621 | - | 61,873 | - | - | 609 |
| Total receipts | 45,394 | 48,871 | 52,500 | 61,873 | - | 26,306 | 609 |
| Disbursements: | | | | | | | |
| General government | - | - | - | - | - | - | - |
| Public safety | 44,010 | 48,254 | 68,730 | 64,773 | - | - | - |
| Highways and streets | - | - | - | - | - | - | - |
| Health and welfare | - | - | - | - | - | 31,967 | - |
| Aviation | - | - | - | - | - | - | - |
| Debt service: | | | | | | | |
| Principal | - | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - | - |
| Total disbursements | 44,010 | 48,254 | 68,730 | 64,773 | - | 31,967 | - |
| Excess (deficiency) of receipts over (under) disbursements | 1,384 | 617 | (16,230) | (2,900) | - | (5,661) | 609 |
| Other financing sources (uses) | | | | | | | |
| Bond/loan proceeds - long-term | - | - | - | - | - | - | - |
| Short-term debt proceeds | - | - | - | - | - | - | - |
| Principal on short-term debt | - | - | - | - | - | - | - |
| Interest on short-term debt | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses | 1,384 | 617 | (16,230) | (2,900) | - | (5,661) | 609 |
| Cash and investment fund balance - beginning | 20,641 | 76,997 | 88,746 | 4,205 | 572 | (3,032) | 20,535 |
| Cash and investment fund balance - ending | \$ 22,025 | \$ 77,614 | \$ 72,516 | \$ 1,305 | \$ 572 | \$ (8,693) | \$ 21,144 |
| <u>Cash and Investment Assets - December 31</u> | | | | | | | |
| Cash and investments | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (8,693) | \$ - |
| Restricted assets: | | | | | | | |
| Cash and investments | 22,025 | 77,614 | 72,516 | 1,305 | 572 | - | 21,144 |
| Total cash and investment assets - December 31 | \$ 22,025 | \$ 77,614 | \$ 72,516 | \$ 1,305 | \$ 572 | \$ (8,693) | \$ 21,144 |
| <u>Cash and Investment Fund Balance - December 31</u> | | | | | | | |
| Restricted for: | | | | | | | |
| General government | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 21,144 |
| Public safety | 22,025 | 77,614 | 72,516 | 1,305 | 572 | - | - |
| Highways and streets | - | - | - | - | - | - | - |
| Health and welfare | - | - | - | - | - | - | - |
| Aviation | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Unrestricted | - | - | - | - | - | (8,693) | - |
| Total cash and investment fund balance - December 31 | \$ 22,025 | \$ 77,614 | \$ 72,516 | \$ 1,305 | \$ 572 | \$ (8,693) | \$ 21,144 |

LAWRENCE COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005
 (Continued)

| | Community Corrections Project Income | Jail Counselor Grant | Family and Children | Clerk's Records Perpetuation | Marijuana Grant | Drug Seizure | Operation Pullover |
|---|---|----------------------------|------------------------|------------------------------------|--------------------|-----------------|-----------------------|
| Receipts: | | | | | | | |
| Taxes | \$ - | \$ - | \$ 1,650,974 | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | 875,425 | - | - | - | 8,200 |
| Charges for services | 222,979 | - | - | 19,045 | - | - | - |
| Total receipts | 222,979 | - | 2,526,399 | 19,045 | - | - | 8,200 |
| Disbursements: | | | | | | | |
| General government | - | - | - | 23,049 | - | - | - |
| Public safety | 323,813 | 3,742 | - | - | - | - | 8,782 |
| Highways and streets | - | - | - | - | - | - | - |
| Health and welfare | - | - | 1,832,289 | - | - | - | - |
| Aviation | - | - | - | - | - | - | - |
| Debt service: | | | | | | | |
| Principal | - | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - | - |
| Total disbursements | 323,813 | 3,742 | 1,832,289 | 23,049 | - | - | 8,782 |
| Excess (deficiency) of receipts over (under) disbursements | (100,834) | (3,742) | 694,110 | (4,004) | - | - | (582) |
| Other financing sources (uses) | | | | | | | |
| Bond/loan proceeds - long-term | - | - | - | - | - | - | - |
| Short-term debt proceeds | - | - | - | - | - | - | - |
| Principal on short-term debt | - | - | - | - | - | - | - |
| Interest on short-term debt | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses | (100,834) | (3,742) | 694,110 | (4,004) | - | - | (582) |
| Cash and investment fund balance - beginning | 323,244 | 4,216 | (111,338) | 8,374 | 77 | 1,116 | 5,307 |
| Cash and investment fund balance - ending | \$ 222,410 | \$ 474 | \$ 582,772 | \$ 4,370 | \$ 77 | \$ 1,116 | \$ 4,725 |
| <u>Cash and Investment Assets - December 31</u> | | | | | | | |
| Cash and investments | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted assets: | | | | | | | |
| Cash and investments | 222,410 | 474 | 582,772 | 4,370 | 77 | 1,116 | 4,725 |
| Total cash and investment assets - December 31 | \$ 222,410 | \$ 474 | \$ 582,772 | \$ 4,370 | \$ 77 | \$ 1,116 | \$ 4,725 |
| <u>Cash and Investment Fund Balance - December 31</u> | | | | | | | |
| Restricted for: | | | | | | | |
| General government | \$ 222,410 | \$ 474 | \$ - | \$ 4,370 | \$ - | \$ - | \$ - |
| Public safety | - | - | - | - | 77 | 1,116 | 4,725 |
| Highways and streets | - | - | - | - | - | - | - |
| Health and welfare | - | - | 582,772 | - | - | - | - |
| Aviation | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Unrestricted | - | - | - | - | - | - | - |
| Total cash and investment fund balance - December 31 | \$ 222,410 | \$ 474 | \$ 582,772 | \$ 4,370 | \$ 77 | \$ 1,116 | \$ 4,725 |

LAWRENCE COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005
 (Continued)

| | Sheriff Equipment Donation | Family Relations | Lawrence County Police Training | Health Immunization Grant | Astronaut Sign Donations | Accident Investigation | Circuit Court Bail and Pretrial Services Agency |
|---|----------------------------------|---------------------|--|---------------------------------|--------------------------------|---------------------------|---|
| Receipts: | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | - | - | - | - | - |
| Charges for services | 6,491 | 9,768 | - | - | - | 3,421 | 2,000 |
| Total receipts | <u>6,491</u> | <u>9,768</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,421</u> | <u>2,000</u> |
| Disbursements: | | | | | | | |
| General government | - | - | - | - | - | - | - |
| Public safety | 7,215 | - | - | - | - | 696 | - |
| Highways and streets | - | - | - | - | - | - | - |
| Health and welfare | - | 6,500 | - | 7,869 | - | - | - |
| Aviation | - | - | - | - | - | - | - |
| Debt service: | | | | | | | |
| Principal | - | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - | - |
| Total disbursements | <u>7,215</u> | <u>6,500</u> | <u>-</u> | <u>7,869</u> | <u>-</u> | <u>696</u> | <u>-</u> |
| Excess (deficiency) of receipts over (under) disbursements | <u>(724)</u> | <u>3,268</u> | <u>-</u> | <u>(7,869)</u> | <u>-</u> | <u>2,725</u> | <u>2,000</u> |
| Other financing sources (uses) | | | | | | | |
| Bond/loan proceeds - long-term | - | - | - | - | - | - | - |
| Short-term debt proceeds | - | - | - | - | - | - | - |
| Principal on short-term debt | - | - | - | - | - | - | - |
| Interest on short-term debt | - | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses | <u>(724)</u> | <u>3,268</u> | <u>-</u> | <u>(7,869)</u> | <u>-</u> | <u>2,725</u> | <u>2,000</u> |
| Cash and investment fund balance - beginning | <u>2,954</u> | <u>1,005</u> | <u>4,104</u> | <u>14,379</u> | <u>3,630</u> | <u>3,310</u> | <u>2,150</u> |
| Cash and investment fund balance - ending | <u>\$ 2,230</u> | <u>\$ 4,273</u> | <u>\$ 4,104</u> | <u>\$ 6,510</u> | <u>\$ 3,630</u> | <u>\$ 6,035</u> | <u>\$ 4,150</u> |
| <u>Cash and Investment Assets - December 31</u> | | | | | | | |
| Cash and investments | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted assets: | | | | | | | |
| Cash and investments | 2,230 | 4,273 | 4,104 | 6,510 | 3,630 | 6,035 | 4,150 |
| Total cash and investment assets - December 31 | <u>\$ 2,230</u> | <u>\$ 4,273</u> | <u>\$ 4,104</u> | <u>\$ 6,510</u> | <u>\$ 3,630</u> | <u>\$ 6,035</u> | <u>\$ 4,150</u> |
| <u>Cash and Investment Fund Balance - December 31</u> | | | | | | | |
| Restricted for: | | | | | | | |
| General government | \$ - | \$ 4,273 | \$ - | \$ - | \$ 3,630 | \$ - | \$ 4,150 |
| Public safety | 2,230 | - | 4,104 | - | - | 6,035 | - |
| Highways and streets | - | - | - | - | - | - | - |
| Health and welfare | - | - | - | 6,510 | - | - | - |
| Aviation | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Unrestricted | - | - | - | - | - | - | - |
| Total cash and investment fund balance - December 31 | <u>\$ 2,230</u> | <u>\$ 4,273</u> | <u>\$ 4,104</u> | <u>\$ 6,510</u> | <u>\$ 3,630</u> | <u>\$ 6,035</u> | <u>\$ 4,150</u> |

LAWRENCE COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005
 (Continued)

| | Lawrence Superior I Bail and Pretrial Services Agency | Lawrence Superior II Bail and Pretrial Services Agency | Stop Violence Grant | Pocket of Need Immunization | Jury Fee | Energy Savings Project | Sheriff's Wireless 911 |
|---|--|---|---------------------------|--------------------------------|---------------|------------------------------|------------------------------|
| Receipts: | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | - | 27,980 | - | - | - | 94,997 |
| Charges for services | 9,016 | 20,892 | - | - | 8,615 | - | - |
| Total receipts | 9,016 | 20,892 | 27,980 | - | 8,615 | - | 94,997 |
| Disbursements: | | | | | | | |
| General government | - | - | - | - | 27,978 | - | - |
| Public safety | 10,904 | 40,749 | 35,162 | - | - | - | 284,733 |
| Highways and streets | - | - | - | - | - | - | - |
| Health and welfare | - | - | - | - | - | - | - |
| Aviation | - | - | - | - | - | - | - |
| Debt service: | | | | | | | |
| Principal | - | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - | - |
| Total disbursements | 10,904 | 40,749 | 35,162 | - | 27,978 | - | 284,733 |
| Excess (deficiency) of receipts over (under) disbursements | (1,888) | (19,857) | (7,182) | - | (19,363) | - | (189,736) |
| Other financing sources (uses) | | | | | | | |
| Bond/loan proceeds - long-term | - | - | - | - | - | - | - |
| Short-term debt proceeds | - | - | - | - | - | - | - |
| Principal on short-term debt | - | - | - | - | - | - | - |
| Interest on short-term debt | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses | (1,888) | (19,857) | (7,182) | - | (19,363) | - | (189,736) |
| Cash and investment fund balance - beginning | 10,507 | 29,831 | 7,182 | 4,977 | 19,363 | 2,645 | 255,069 |
| Cash and investment fund balance - ending | \$ 8,619 | \$ 9,974 | \$ - | \$ 4,977 | \$ - | \$ 2,645 | \$ 65,333 |
| Cash and Investment Assets - December 31 | | | | | | | |
| Cash and investments | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted assets: | | | | | | | |
| Cash and investments | 8,619 | 9,974 | - | 4,977 | - | 2,645 | 65,333 |
| Total cash and investment assets - December 31 | \$ 8,619 | \$ 9,974 | \$ - | \$ 4,977 | \$ - | \$ 2,645 | \$ 65,333 |
| Cash and Investment Fund Balance - December 31 | | | | | | | |
| Restricted for: | | | | | | | |
| General government | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,645 | \$ - |
| Public safety | 8,619 | 9,974 | - | - | - | - | 65,333 |
| Highways and streets | - | - | - | - | - | - | - |
| Health and welfare | - | - | - | 4,977 | - | - | - |
| Aviation | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Unrestricted | - | - | - | - | - | - | - |
| Total cash and investment fund balance - December 31 | \$ 8,619 | \$ 9,974 | \$ - | \$ 4,977 | \$ - | \$ 2,645 | \$ 65,333 |

LAWRENCE COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005
 (Continued)

| | Sheriff's Drug Fund | Lawrence County Tourism Commission | Juvenile Drug Court | Tobacco Settlement | Work Release | National Forest | Adapt User Fee |
|---|---------------------------|---|---------------------------|-----------------------|-----------------|--------------------|-------------------|
| Receipts: | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | - | 193,168 | 165,862 | - | - | 3,000 | - |
| Charges for services | - | - | 442 | 24,089 | 5,178 | - | 109,698 |
| Total receipts | - | 193,168 | 166,304 | 24,089 | 5,178 | 3,000 | 109,698 |
| Disbursements: | | | | | | | |
| General government | - | 181,636 | - | - | - | - | - |
| Public safety | - | - | 168,735 | - | - | 3,212 | 174,047 |
| Highways and streets | - | - | - | - | - | - | - |
| Health and welfare | - | - | - | 25,138 | - | - | - |
| Aviation | - | - | - | - | - | - | - |
| Debt service: | | | | | | | |
| Principal | - | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - | - |
| Total disbursements | - | 181,636 | 168,735 | 25,138 | - | 3,212 | 174,047 |
| Excess (deficiency) of receipts over (under) disbursements | - | 11,532 | (2,431) | (1,049) | 5,178 | (212) | (64,349) |
| Other financing sources (uses) | | | | | | | |
| Bond/loan proceeds - long-term | - | - | - | - | - | - | - |
| Short-term debt proceeds | - | - | - | - | - | - | - |
| Principal on short-term debt | - | - | - | - | - | - | - |
| Interest on short-term debt | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses | - | 11,532 | (2,431) | (1,049) | 5,178 | (212) | (64,349) |
| Cash and investment fund balance - beginning | (214) | 63,593 | 36,248 | 34,586 | 44,791 | 10,609 | 84,061 |
| Cash and investment fund balance - ending | \$ (214) | \$ 75,125 | \$ 33,817 | \$ 33,537 | \$ 49,969 | \$ 10,397 | \$ 19,712 |
| Cash and Investment Assets - December 31 | | | | | | | |
| Cash and investments | \$ (214) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted assets: | | | | | | | |
| Cash and investments | - | 75,125 | 33,817 | 33,537 | 49,969 | 10,397 | 19,712 |
| Total cash and investment assets - December 31 | \$ (214) | \$ 75,125 | \$ 33,817 | \$ 33,537 | \$ 49,969 | \$ 10,397 | \$ 19,712 |
| Cash and Investment Fund Balance - December 31 | | | | | | | |
| Restricted for: | | | | | | | |
| General government | \$ - | \$ 75,125 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Public safety | - | - | 33,817 | - | 49,969 | 10,397 | 19,712 |
| Highways and streets | - | - | - | - | - | - | - |
| Health and welfare | - | - | - | 33,537 | - | - | - |
| Aviation | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Unrestricted | (214) | - | - | - | - | - | - |
| Total cash and investment fund balance - December 31 | \$ (214) | \$ 75,125 | \$ 33,817 | \$ 33,537 | \$ 49,969 | \$ 10,397 | \$ 19,712 |

LAWRENCE COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005
 (Continued)

| | Coroner's Education Fund | Immunization | LEP Subgrant FEMA | Bio-Terrorism Preparedness | Community Emergency Response Team | Probation Administrative Fee | County Adult Offender Interstate |
|---|--------------------------------|------------------|-------------------------|-------------------------------|---|------------------------------------|--|
| Receipts: | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental Charges for services | - | - | 5,000 | - | - | - | - |
| | 3,569 | 34,395 | - | - | - | 36,386 | 75 |
| Total receipts | 3,569 | 34,395 | 5,000 | - | - | 36,386 | 75 |
| Disbursements: | | | | | | | |
| General government | - | - | - | - | - | - | - |
| Public safety | - | - | 210 | - | - | 44,256 | - |
| Highways and streets | - | - | - | - | - | - | - |
| Health and welfare | 6,766 | 16,248 | - | - | - | - | - |
| Aviation | - | - | - | - | - | - | - |
| Debt service: | | | | | | | |
| Principal | - | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - | - |
| Total disbursements | 6,766 | 16,248 | 210 | - | - | 44,256 | - |
| Excess (deficiency) of receipts over (under) disbursements | (3,197) | 18,147 | 4,790 | - | - | (7,870) | 75 |
| Other financing sources (uses) | | | | | | | |
| Bond/loan proceeds - long-term | - | - | - | - | - | - | - |
| Short-term debt proceeds | - | - | - | - | - | - | - |
| Principal on short-term debt | - | - | - | - | - | - | - |
| Interest on short-term debt | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses | (3,197) | 18,147 | 4,790 | - | - | (7,870) | 75 |
| Cash and investment fund balance - beginning | 3,197 | 12,541 | (4,774) | 2,646 | 2,218 | 7,843 | 375 |
| Cash and investment fund balance - ending | \$ - | \$ 30,688 | \$ 16 | \$ 2,646 | \$ 2,218 | \$ (27) | \$ 450 |
| <u>Cash and Investment Assets - December 31</u> | | | | | | | |
| Cash and investments | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (27) | \$ - |
| Restricted assets: | | | | | | | |
| Cash and investments | - | 30,688 | 16 | 2,646 | 2,218 | - | 450 |
| Total cash and investment assets - December 31 | \$ - | \$ 30,688 | \$ 16 | \$ 2,646 | \$ 2,218 | \$ (27) | \$ 450 |
| <u>Cash and Investment Fund Balance - December 31</u> | | | | | | | |
| Restricted for: | | | | | | | |
| General government | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Public safety | - | - | 16 | 2,646 | 2,218 | - | 450 |
| Highways and streets | - | - | - | - | - | - | - |
| Health and welfare | - | 30,688 | - | - | - | - | - |
| Aviation | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Unrestricted | - | - | - | - | - | (27) | - |
| Total cash and investment fund balance - December 31 | \$ - | \$ 30,688 | \$ 16 | \$ 2,646 | \$ 2,218 | \$ (27) | \$ 450 |

LAWRENCE COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005
 (Continued)

| | State Adult Offender Interstate | Lawrence County Prosecutor's Impact Fund | Alternative Dispute Resolution | Bio-Terrorism District Grant #1 | Bio-Terrorism District Grant #2 | Children Psychiatric Residential Treatment | Family Court |
|---|---------------------------------------|---|--------------------------------------|---------------------------------------|---------------------------------------|---|-----------------|
| Receipts: | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 129,651 | \$ - |
| Intergovernmental | - | - | - | - | - | 18,646 | 70,000 |
| Charges for services | 884 | - | 5,480 | - | - | - | - |
| Total receipts | 884 | - | 5,480 | - | - | 148,297 | 70,000 |
| Disbursements: | | | | | | | |
| General government | - | - | - | - | - | - | - |
| Public safety | 1,259 | - | - | - | 14,956 | - | - |
| Highways and streets | - | - | - | - | - | - | - |
| Health and welfare | - | - | - | - | - | 72,633 | 36,925 |
| Aviation | - | - | - | - | - | - | - |
| Debt service: | | | | | | | |
| Principal | - | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - | - |
| Total disbursements | 1,259 | - | - | - | 14,956 | 72,633 | 36,925 |
| Excess (deficiency) of receipts over (under) disbursements | (375) | - | 5,480 | - | (14,956) | 75,664 | 33,075 |
| Other financing sources (uses) | | | | | | | |
| Bond/loan proceeds - long-term | - | - | - | - | - | - | - |
| Short-term debt proceeds | - | - | - | - | - | - | - |
| Principal on short-term debt | - | - | - | - | - | - | - |
| Interest on short-term debt | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses | (375) | - | 5,480 | - | (14,956) | 75,664 | 33,075 |
| Cash and investment fund balance - beginning | 375 | 31,950 | 960 | 66 | 18,136 | 1,045 | 46,525 |
| Cash and investment fund balance - ending | \$ - | \$ 31,950 | \$ 6,440 | \$ 66 | \$ 3,180 | \$ 76,709 | \$ 79,600 |
| <u>Cash and Investment Assets - December 31</u> | | | | | | | |
| Cash and investments | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted assets: | | | | | | | |
| Cash and investments | - | 31,950 | 6,440 | 66 | 3,180 | 76,709 | 79,600 |
| Total cash and investment assets - December 31 | \$ - | \$ 31,950 | \$ 6,440 | \$ 66 | \$ 3,180 | \$ 76,709 | \$ 79,600 |
| <u>Cash and Investment Fund Balance - December 31</u> | | | | | | | |
| Restricted for: | | | | | | | |
| General government | \$ - | \$ - | \$ 6,440 | \$ - | \$ - | \$ - | \$ 79,600 |
| Public safety | - | 31,950 | - | 66 | 3,180 | - | - |
| Highways and streets | - | - | - | - | - | - | - |
| Health and welfare | - | - | - | - | - | 76,709 | - |
| Aviation | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Unrestricted | - | - | - | - | - | - | - |
| Total cash and investment fund balance - December 31 | \$ - | \$ 31,950 | \$ 6,440 | \$ 66 | \$ 3,180 | \$ 76,709 | \$ 79,600 |

LAWRENCE COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005
 (Continued)

| | Juvenile Alcohol and Drug Interv. and Prevention | Law Enforcement Terrorism 2004 | OVWI Drug Court | Public Health Coordinator | State Homeland Security 2003 | State Homeland Security 2004 | CWS Special Grant |
|---|--|--------------------------------------|-----------------------|---------------------------------|------------------------------------|------------------------------------|-------------------------|
| Receipts: | | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | 34,427 | - | 34,050 | 53,229 | - | 1,000 | - |
| Charges for services | - | 1,000 | - | - | - | - | - |
| Total receipts | 34,427 | 1,000 | 34,050 | 53,229 | - | 1,000 | - |
| Disbursements: | | | | | | | |
| General government | - | - | - | - | - | - | - |
| Public safety | 34,852 | 5,057 | 107,025 | - | 9,260 | 38,663 | - |
| Highways and streets | - | - | - | - | - | - | - |
| Health and welfare | - | - | - | 55,632 | - | - | - |
| Aviation | - | - | - | - | - | - | - |
| Debt service: | | | | | | | |
| Principal | - | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - | - |
| Total disbursements | 34,852 | 5,057 | 107,025 | 55,632 | 9,260 | 38,663 | - |
| Excess (deficiency) of receipts over (under) disbursements | (425) | (4,057) | (72,975) | (2,403) | (9,260) | (37,663) | - |
| Other financing sources (uses) | | | | | | | |
| Bond/loan proceeds - long-term | - | - | - | - | - | - | - |
| Short-term debt proceeds | - | - | - | - | - | - | - |
| Principal on short-term debt | - | - | - | - | - | - | - |
| Interest on short-term debt | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses | (425) | (4,057) | (72,975) | (2,403) | (9,260) | (37,663) | - |
| Cash and investment fund balance - beginning | 420 | 4,060 | 81,880 | 4,047 | 9,260 | 37,461 | 70,000 |
| Cash and investment fund balance - ending | \$ (5) | \$ 3 | \$ 8,905 | \$ 1,644 | \$ - | \$ (202) | \$ 70,000 |
| <u>Cash and Investment Assets - December 31</u> | | | | | | | |
| Cash and investments | \$ (5) | \$ - | \$ - | \$ - | \$ - | \$ (202) | \$ - |
| Restricted assets: | | | | | | | |
| Cash and investments | - | 3 | 8,905 | 1,644 | - | - | 70,000 |
| Total cash and investment assets - December 31 | \$ (5) | \$ 3 | \$ 8,905 | \$ 1,644 | \$ - | \$ (202) | \$ 70,000 |
| <u>Cash and Investment Fund Balance - December 31</u> | | | | | | | |
| Restricted for: | | | | | | | |
| General government | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Public safety | - | 3 | 8,905 | - | - | - | - |
| Highways and streets | - | - | - | - | - | - | - |
| Health and welfare | - | - | - | 1,644 | - | - | 70,000 |
| Aviation | - | - | - | - | - | - | - |
| Debt service | - | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Unrestricted | (5) | - | - | - | - | (202) | - |
| Total cash and investment fund balance - December 31 | \$ (5) | \$ 3 | \$ 8,905 | \$ 1,644 | \$ - | \$ (202) | \$ 70,000 |

LAWRENCE COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005
 (Continued)

| | County Bonds | Jail Lease Rental | Courthouse Plaza Lease Rental | Welfare Loan | Juvenile Detention Alternative | Auditor Transfer Fund | HAVA Title III |
|---|-----------------|-------------------------|--|------------------|--------------------------------------|--------------------------|-------------------|
| Receipts: | | | | | | | |
| Taxes | \$ - | \$ 1,128,859 | \$ 486,769 | \$ 372,638 | \$ - | \$ - | \$ - |
| Intergovernmental | - | 177,345 | 76,485 | 50,537 | 5,240 | - | 188,197 |
| Charges for services | - | - | - | - | - | 6,567 | - |
| Total receipts | - | 1,306,204 | 563,254 | 423,175 | 5,240 | 6,567 | 188,197 |
| Disbursements: | | | | | | | |
| General government | 136,058 | 1,100 | - | - | - | 1,668 | 188,197 |
| Public safety | - | - | - | - | 1,051 | - | - |
| Highways and streets | - | - | - | - | - | - | - |
| Health and welfare | - | - | - | - | - | - | - |
| Aviation | - | - | - | - | - | - | - |
| Debt service: | | | | | | | |
| Principal | - | 494,475 | 110,000 | - | - | - | - |
| Interest | - | 185,525 | 148,278 | - | - | - | - |
| Total disbursements | 136,058 | 681,100 | 258,278 | - | 1,051 | 1,668 | 188,197 |
| Excess (deficiency) of receipts over (under) disbursements | (136,058) | 625,104 | 304,976 | 423,175 | 4,189 | 4,899 | - |
| Other financing sources (uses) | | | | | | | |
| Bond/loan proceeds - long-term | 130,654 | - | - | - | - | - | - |
| Short-term debt proceeds | - | 171,196 | 130,944 | - | - | - | - |
| Principal on short-term debt | - | (188,197) | (140,944) | (350,000) | - | - | - |
| Interest on short-term debt | - | (1,409) | (1,027) | (8,145) | - | - | - |
| Total other financing sources (uses) | 130,654 | (18,410) | (11,027) | (358,145) | - | - | - |
| Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses | (5,404) | 606,694 | 293,949 | 65,030 | 4,189 | 4,899 | - |
| Cash and investment fund balance - beginning | 5,915 | (431,078) | (155,908) | 6,986 | - | - | - |
| Cash and investment fund balance - ending | \$ 511 | \$ 175,616 | \$ 138,041 | \$ 72,016 | \$ 4,189 | \$ 4,899 | \$ - |
| Cash and Investment Assets - December 31 | | | | | | | |
| Cash and investments | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted assets: | | | | | | | |
| Cash and investments | 511 | 175,616 | 138,041 | 72,016 | 4,189 | 4,899 | - |
| Total cash and investment assets - December 31 | \$ 511 | \$ 175,616 | \$ 138,041 | \$ 72,016 | \$ 4,189 | \$ 4,899 | \$ - |
| Cash and Investment Fund Balance - December 31 | | | | | | | |
| Restricted for: | | | | | | | |
| General government | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,899 | \$ - |
| Public safety | - | - | - | - | 4,189 | - | - |
| Highways and streets | - | - | - | - | - | - | - |
| Health and welfare | - | - | - | - | - | - | - |
| Aviation | - | - | - | - | - | - | - |
| Debt service | 511 | 175,616 | 138,041 | 72,016 | - | - | - |
| Capital outlay | - | - | - | - | - | - | - |
| Unrestricted | - | - | - | - | - | - | - |
| Total cash and investment fund balance - December 31 | \$ 511 | \$ 175,616 | \$ 138,041 | \$ 72,016 | \$ 4,189 | \$ 4,899 | \$ - |

LAWRENCE COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005
 (Continued)

| | Non Violence Program Probation | Homeland Security AFIS Grant | Runway Paving Grant | Family Violence | Sofaland Lease Rent | Infraction Deferral |
|---|--------------------------------------|------------------------------------|------------------------|--------------------|------------------------|------------------------|
| Receipts: | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ 138,527 | \$ - |
| Intergovernmental | - | 34,483 | 280,614 | 38 | 18,784 | - |
| Charges for services | 6,399 | - | - | - | - | 72,181 |
| Total receipts | 6,399 | 34,483 | 280,614 | 38 | 157,311 | 72,181 |
| Disbursements: | | | | | | |
| General government | - | - | - | - | - | 31,417 |
| Public safety | 6,675 | 34,483 | - | - | - | - |
| Highways and streets | - | - | - | - | - | - |
| Health and welfare | - | - | - | 38 | - | - |
| Aviation | - | - | 1,500 | - | - | - |
| Debt service: | | | | | | |
| Principal | - | - | - | - | 60,000 | - |
| Interest | - | - | - | - | 32,872 | - |
| Total disbursements | 6,675 | 34,483 | 1,500 | 38 | 92,872 | 31,417 |
| Excess (deficiency) of receipts over (under) disbursements | (276) | - | 279,114 | - | 64,439 | 40,764 |
| Other financing sources (uses) | | | | | | |
| Bond/loan proceeds - long-term | - | - | - | - | - | - |
| Short-term debt proceeds | - | - | - | - | - | - |
| Principal on short-term debt | - | - | - | - | - | - |
| Interest on short-term debt | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses | (276) | - | 279,114 | - | 64,439 | 40,764 |
| Cash and investment fund balance - beginning | - | - | - | - | - | - |
| Cash and investment fund balance - ending | \$ (276) | \$ - | \$ 279,114 | \$ - | \$ 64,439 | \$ 40,764 |
| <u>Cash and Investment Assets - December 31</u> | | | | | | |
| Cash and investments | \$ (276) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted assets: | | | | | | |
| Cash and investments | - | - | 279,114 | - | 64,439 | 40,764 |
| Total cash and investment assets - December 31 | \$ (276) | \$ - | \$ 279,114 | \$ - | \$ 64,439 | \$ 40,764 |
| <u>Cash and Investment Fund Balance - December 31</u> | | | | | | |
| Restricted for: | | | | | | |
| General government | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 40,764 |
| Public safety | - | - | - | - | - | - |
| Highways and streets | - | - | - | - | - | - |
| Health and welfare | - | - | - | - | - | - |
| Aviation | - | - | - | - | - | - |
| Debt service | - | - | - | - | 64,439 | - |
| Capital outlay | - | - | 279,114 | - | - | - |
| Unrestricted | (276) | - | - | - | - | - |
| Total cash and investment fund balance - December 31 | \$ (276) | \$ - | \$ 279,114 | \$ - | \$ 64,439 | \$ 40,764 |

LAWRENCE COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2005
 (Continued)

| | OVWI Trust Fee | Police Office Equipment | Juvenile Community Services | Emergency Gas Award | Compas | Totals |
|---|----------------------|-------------------------------|-----------------------------------|------------------------|---------------|---------------------|
| Receipts: | | | | | | |
| Taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 4,595,276 |
| Intergovernmental | - | - | - | 800 | - | 3,165,491 |
| Charges for services | 1,267 | 630 | 450 | - | 210 | 1,697,840 |
| Total receipts | 1,267 | 630 | 450 | 800 | 210 | 9,458,607 |
| Disbursements: | | | | | | |
| General government | - | - | - | - | - | 925,795 |
| Public safety | - | - | - | - | - | 2,608,067 |
| Highways and streets | - | - | - | - | - | 480,291 |
| Health and welfare | - | - | - | - | - | 2,412,892 |
| Aviation | - | - | - | - | - | 77,961 |
| Debt service: | | | | | | |
| Principal | - | - | - | - | - | 664,475 |
| Interest | - | - | - | - | - | 366,675 |
| Total disbursements | - | - | - | - | - | 7,536,156 |
| Excess (deficiency) of receipts over (under) disbursements | 1,267 | 630 | 450 | 800 | 210 | 1,922,451 |
| Other financing sources (uses) | | | | | | |
| Bond/loan proceeds - long-term | - | - | - | - | - | 130,654 |
| Short-term debt proceeds | - | - | - | - | - | 302,140 |
| Principal on short-term debt | - | - | - | - | - | (679,141) |
| Interest on short-term debt | - | - | - | - | - | (10,581) |
| Total other financing sources (uses) | - | - | - | - | - | (256,928) |
| Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses | 1,267 | 630 | 450 | 800 | 210 | 1,665,523 |
| Cash and investment fund balance - beginning | - | - | - | - | - | 1,674,057 |
| Cash and investment fund balance - ending | \$ 1,267 | \$ 630 | \$ 450 | \$ 800 | \$ 210 | \$ 3,339,580 |
| <u>Cash and Investment Assets - December 31</u> | | | | | | |
| Cash and investments | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (16,413) |
| Restricted assets: | | | | | | |
| Cash and investments | 1,267 | 630 | 450 | 800 | 210 | 3,355,993 |
| Total cash and investment assets - December 31 | \$ 1,267 | \$ 630 | \$ 450 | \$ 800 | \$ 210 | \$ 3,339,580 |
| <u>Cash and Investment Fund Balance - December 31</u> | | | | | | |
| Restricted for: | | | | | | |
| General government | \$ - | \$ - | \$ - | \$ - | \$ 210 | \$ 968,416 |
| Public safety | 1,267 | 630 | 450 | 800 | - | 633,613 |
| Highways and streets | - | - | - | - | - | 53,195 |
| Health and welfare | - | - | - | - | - | 878,913 |
| Aviation | - | - | - | - | - | 92,119 |
| Debt service | - | - | - | - | - | 450,623 |
| Capital outlay | - | - | - | - | - | 279,114 |
| Unrestricted | - | - | - | - | - | (16,413) |
| Total cash and investment fund balance - December 31 | \$ 1,267 | \$ 630 | \$ 450 | \$ 800 | \$ 210 | \$ 3,339,580 |

LAWRENCE COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2005

| | County Treasurer | Payroll | Certified Shares | Prop Tax Replacement Homestead Credit | Financial Institutional Tax | State Welfare Excise Tax | State Fair |
|---|---------------------|-------------------|---------------------|--|-----------------------------------|-----------------------------|---------------|
| Additions: | | | | | | | |
| Agency fund additions | \$ 73,823,074 | \$ 4,930,281 | \$ 4,482,607 | \$ 1,525,125 | \$ 348,818 | \$ 35,540 | \$ 24,046 |
| Deductions: | | | | | | | |
| Agency fund deductions | <u>88,212,824</u> | <u>4,860,749</u> | <u>4,482,607</u> | <u>1,525,125</u> | <u>348,818</u> | <u>60,577</u> | <u>24,046</u> |
| Excess (deficiency) of total additions over (under) total deductions | (14,389,750) | 69,532 | - | - | - | (25,037) | - |
| Cash and investment fund balance - beginning | <u>15,240,361</u> | <u>372,277</u> | - | - | - | <u>36,008</u> | - |
| Cash and investment fund balance - ending | <u>\$ 850,611</u> | <u>\$ 441,809</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 10,971</u> | <u>\$ -</u> |

LAWRENCE COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2005
 (Continued)

| | <u>State Forestry</u> | <u>Poor Relief</u> | <u>Township Tax</u> | <u>Cumulative Fire Fighting</u> | <u>Township Fire Fighting</u> | <u>Library Lease Rental</u> | <u>Library Tax</u> |
|---|-----------------------|--------------------|---------------------|-------------------------------------|-----------------------------------|---------------------------------|--------------------|
| Additions: | | | | | | | |
| Agency fund additions | \$ 48,091 | \$ 255,136 | \$ 218,981 | \$ 203,940 | \$ 381,971 | \$ 298,757 | \$ 1,932,549 |
| Deductions: | | | | | | | |
| Agency fund deductions | <u>48,091</u> | <u>249,836</u> | <u>218,981</u> | <u>209,240</u> | <u>381,971</u> | <u>298,757</u> | <u>1,932,549</u> |
| Excess (deficiency) of total additions over (under) total deductions | - | 5,300 | - | (5,300) | - | - | - |
| Cash and investment fund balance - beginning | <u>-</u> | <u>(5,300)</u> | <u>-</u> | <u>5,300</u> | <u>30</u> | <u>-</u> | <u>-</u> |
| Cash and investment fund balance - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 30</u> | <u>\$ -</u> | <u>\$ -</u> |

LAWRENCE COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2005
 (Continued)

| | School General | School Debt Service | School Capital Projects | School Transportation | Corporation Tax | Preschool Special Education | Street Tax |
|---|-------------------|------------------------|----------------------------|--------------------------|--------------------|-----------------------------------|------------------|
| Additions: | | | | | | | |
| Agency fund additions | \$ 14,924,031 | \$ 10,271,846 | \$ 5,614,642 | \$ 5,276,243 | \$ 8,651,292 | \$ 48,771 | \$ 1,751,692 |
| Deductions: | | | | | | | |
| Agency fund deductions | <u>14,924,031</u> | <u>10,271,846</u> | <u>5,614,642</u> | <u>5,276,243</u> | <u>8,651,292</u> | <u>48,771</u> | <u>1,751,692</u> |
| Excess (deficiency) of total additions over (under) total deductions | - | - | - | - | - | - | - |
| Cash and investment fund balance - beginning | - | - | - | - | - | - | - |
| Cash and investment fund balance - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

LAWRENCE COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2005
 (Continued)

| | <u>Park and Recreation</u> | <u>Police Pension</u> | <u>Fireman's Pension</u> | <u>Cumulative Capital Development</u> | <u>Cemetery Tax</u> | <u>TIF Tax</u> | <u>Riverboat Wagering Tax</u> |
|---|--------------------------------|-----------------------|------------------------------|---|-------------------------|----------------|-----------------------------------|
| Additions: | | | | | | | |
| Agency fund additions | \$ 1,549,366 | \$ 44,580 | \$ 277,865 | \$ 576,668 | \$ 36,671 | \$ 113,106 | \$ 289,572 |
| Deductions: | | | | | | | |
| Agency fund deductions | <u>1,549,366</u> | <u>44,580</u> | <u>277,865</u> | <u>576,668</u> | <u>36,671</u> | <u>113,104</u> | <u>289,572</u> |
| Excess (deficiency) of total additions over (under) total deductions | - | - | - | - | - | 2 | - |
| Cash and investment fund balance - beginning | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(2)</u> | <u>2,002</u> |
| Cash and investment fund balance - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 2,002</u> |

LAWRENCE COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2005
 (Continued)

| | Solid Waste | School Bus Replacement | Comercial Vehicle Excise Tax | School Pensions | Sales Disclosure | Surplus Dog | Welfare Trust |
|---|------------------|---------------------------|------------------------------------|--------------------|---------------------|----------------|------------------|
| Additions: | | | | | | | |
| Agency fund additions | \$ 2,016,333 | \$ 406,537 | \$ 183,166 | \$ 1,058,237 | \$ 7,082 | \$ 1,750 | \$ 34,801 |
| Deductions: | | | | | | | |
| Agency fund deductions | <u>2,015,650</u> | <u>406,537</u> | <u>183,166</u> | <u>1,058,237</u> | <u>17,474</u> | <u>1,677</u> | <u>71,457</u> |
| Excess (deficiency) of total additions over (under) total deductions | 683 | - | - | - | (10,392) | 73 | (36,656) |
| Cash and investment fund balance - beginning | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>11,950</u> | <u>-</u> | <u>84,797</u> |
| Cash and investment fund balance - ending | <u>\$ 683</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,558</u> | <u>\$ 73</u> | <u>\$ 48,141</u> |

LAWRENCE COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2005
 (Continued)

| | Congressional School Interest | City/Town Court Costs | Tax Sale Surplus | Tax Sale Redemption | Surplus Tax | State Fines and Forfeitures | State Sales Disclosure Fee |
|---|----------------------------------|--------------------------|---------------------|------------------------|------------------|--------------------------------|----------------------------------|
| Additions: | | | | | | | |
| Agency fund additions | \$ 353 | \$ 17,697 | \$ 2,045,598 | \$ 112,462 | \$ 73,008 | \$ 689 | \$ 7,036 |
| Deductions: | | | | | | | |
| Agency fund deductions | <u>1,870</u> | <u>15,400</u> | <u>440,021</u> | <u>117,447</u> | <u>99,155</u> | <u>838</u> | <u>13,125</u> |
| Excess (deficiency) of total additions over (under) total deductions | (1,517) | 2,297 | 1,605,577 | (4,985) | (26,147) | (149) | (6,089) |
| Cash and investment fund balance - beginning | <u>10,645</u> | <u>12,081</u> | <u>10,593</u> | <u>5,342</u> | <u>58,236</u> | <u>149</u> | <u>6,177</u> |
| Cash and investment fund balance - ending | <u>\$ 9,128</u> | <u>\$ 14,378</u> | <u>\$ 1,616,170</u> | <u>\$ 357</u> | <u>\$ 32,089</u> | <u>\$ -</u> | <u>\$ 88</u> |

LAWRENCE COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2005
 (Continued)

| | Overweight Vehicle Fines | Infraction Judgments | Special Death Benefit | Education License Plate Fee | Convention and Tourism Agency Fund | Mortgage Fees State Share | Reimbursement Tax Sale |
|---|-----------------------------|-------------------------|--------------------------|-----------------------------------|--|------------------------------|---------------------------|
| Additions: | | | | | | | |
| Agency fund additions | \$ 6,157 | \$ 34,389 | \$ 905 | \$ 4,031 | \$ 160,819 | \$ 8,013 | \$ 81,700 |
| Deductions: | | | | | | | |
| Agency fund deductions | <u>18,140</u> | <u>72,074</u> | <u>905</u> | <u>3,825</u> | <u>190,000</u> | <u>8,013</u> | <u>80,477</u> |
| Excess (deficiency) of total additions over (under) total deductions | (11,983) | (37,685) | - | 206 | (29,181) | - | 1,223 |
| Cash and investment fund balance - beginning | <u>11,983</u> | <u>37,685</u> | <u>-</u> | <u>273</u> | <u>57,163</u> | <u>-</u> | <u>-</u> |
| Cash and investment fund balance - ending | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 479</u> | <u>\$ 27,982</u> | <u>\$ -</u> | <u>\$ 1,223</u> |

LAWRENCE COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2005
 (Continued)

| | <u>Inheritance Tax</u> | <u>Probation Gift</u> | <u>Medical Assistance To Wards</u> | <u>Children With Special Health Care Needs</u> | <u>Hospital Care For the Indigent</u> | <u>County Clerk</u> |
|---|----------------------------|---------------------------|--|--|---|-------------------------|
| Additions: | | | | | | |
| Agency fund additions | \$ 321,063 | \$ - | \$ 21,040 | \$ 100,744 | \$ 917,576 | \$ 6,497,939 |
| Deductions: | | | | | | |
| Agency fund deductions | <u>374,951</u> | <u>-</u> | <u>21,040</u> | <u>100,744</u> | <u>917,576</u> | <u>6,616,469</u> |
| Excess (deficiency) of total additions over (under) total deductions | (53,888) | - | - | - | - | (118,530) |
| Cash and investment fund balance - beginning | <u>94,287</u> | <u>228</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>738,765</u> |
| Cash and investment fund balance - ending | <u>\$ 40,399</u> | <u>\$ 228</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 620,235</u> |

LAWRENCE COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2005
 (Continued)

| | <u>Recorder</u> | <u>Sheriff</u> | <u>Inmate Trust</u> | <u>Prosecutor</u> | <u>Health</u> | <u>Total</u> |
|---|------------------|------------------|-------------------------|-------------------|-----------------|---------------------|
| Additions: | | | | | | |
| Agency fund additions | \$ 243,053 | \$ 1,201,095 | \$ 265,852 | \$ 174,262 | \$ 81,157 | \$ 154,019,805 |
| Deductions: | | | | | | |
| Agency fund deductions | <u>240,084</u> | <u>1,201,095</u> | <u>261,923</u> | <u>173,600</u> | <u>93,378</u> | <u>167,096,862</u> |
| Excess (deficiency) of total additions over (under) total deductions | 2,969 | - | 3,929 | 662 | (12,221) | (13,077,057) |
| Cash and investment fund balance - beginning | <u>16,734</u> | <u>200</u> | <u>3,237</u> | <u>11,061</u> | <u>16,531</u> | <u>16,838,793</u> |
| Cash and investment fund balance - ending | <u>\$ 19,703</u> | <u>\$ 200</u> | <u>\$ 7,166</u> | <u>\$ 11,723</u> | <u>\$ 4,310</u> | <u>\$ 3,761,736</u> |

LAWRENCE COUNTY
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2005

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.

General infrastructure assets completed in the current year have been reported. Retroactive reporting of general infrastructure assets will occur by 2007.

| <u>Primary Government</u> | <u>Ending Balance</u> |
|--|---------------------------|
| Governmental activities: | |
| Capital assets, not being depreciated: | |
| Land | \$ 82,000 |
| Infrastructure | 987,678 |
| Buildings | 12,586,072 |
| Improvements other than buildings | 949,567 |
| Machinery and equipment | <u>6,531,720</u> |
| Total governmental activities, capital assets not being depreciated | <u>\$ 21,137,037</u> |

LAWRENCE COUNTY
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2005

CAPITAL LEASES

The County has entered into the following capital leases:

| Description of Asset | Present Value of Net Minimum Lease Payments | Ending Balance | Due Within One Year |
|--|--|-----------------------|------------------------------------|
| Detention Center | \$ 1,763,204 | \$ 2,720,000 | \$ 479,284 |
| Courthouse Annex | 2,920,000 | 4,446,558 | 120,000 |
| Highway-Trucks | 241,770 | 254,499 | 118,812 |
| Highway-Backhoe | 7,566 | 7,845 | 7,566 |
| | | <u>Ending Balance</u> | <u>Due Within One Year</u> |
| Governmental Activities: | | | |
| Notes and loans payable | \$ 140,054 | \$ 99,692 | |
| Bonds payable: | | | |
| General obligation bonds: | | | |
| 2004 issue | <u>1,440,000</u> | <u>125,000</u> | |
| Total governmental activities long-term debt | <u>\$ 1,580,054</u> | <u>\$ 224,692</u> | |

LAWRENCE COUNTY
OTHER REPORTS

The annual report presented herein was prepared in addition to other official reports prepared for the individual County offices listed below:

County Auditor
County Treasurer
County Sheriff
County Board of Aviation
County Emergency 911

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF LAWRENCE COUNTY, INDIANA

Compliance

We have audited the compliance of the Lawrence County (County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2005. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; 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. Our audit does not provide a legal determination of the County's compliance with those requirements.

As described in items 2005-1, 2005-2, and 2005-3, in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding cash management, matching, and reporting that are applicable to its Edward Byrne Memorial Formula Grant Program. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its other major federal programs for the year ended December 31, 2005.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 2005-1, 2005-2, and 2005-3.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of the County's management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

July 26, 2006

LAWRENCE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2005

| Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title | Federal CFDA Number | Pass-Through Entity (or Other) Identifying Number | Total Federal Awards Expended |
|---|---------------------------|--|-------------------------------------|
| <u>U.S. DEPARTMENT OF JUSTICE</u> | | | |
| Pass-Through Indiana Criminal Justice Institute | | | |
| Juvenile Accountability Incentive Block Grants | 16.523 | 03-JB-037 | \$ <u>9,853</u> |
| Juvenile Justice and Delinquency Prevention - Allocation to States | 16.540 | 04-JF-031 | <u>1,090</u> |
| Crime Victim Assistance | 16.575 | 05ST030 | 11,000 |
| | | 04VA090 | 17,392 |
| | | 05VA075 | <u>15,994</u> |
| Total for program | | | <u>44,386</u> |
| Edward Byrne Memorial Formula Grant Program | 16.579 | 02DB042 | 104,779 |
| | | 02DB052 | <u>119,035</u> |
| Total for program | | | <u>223,814</u> |
| Violence Against Women Formula Grants | 16.588 | 04ST033 | <u>18,458</u> |
| Total for federal grantor agency | | | <u>297,601</u> |
| <u>U.S. DEPARTMENT OF TRANSPORTATION</u> | | | |
| Pass-Through Indiana Criminal Justice Institute | | | |
| Highway Safety Cluster | | | |
| State and Community Highway Safety | 20.600 | OP-05-02,T-03,P-120 | 5,762 |
| | | OP-06-02-03-83 | <u>2,200</u> |
| Total for cluster | | | <u>7,962</u> |
| Direct Grant | | | |
| Airport Improvement Program | 20.106 | 3-18-0005-02 | 9,413 |
| | | 3-18-0005-03 | 17,551 |
| | | 3-18-0005-04 | <u>253,650</u> |
| Total for program | | | <u>280,614</u> |
| Total for federal grantor agency | | | <u>288,576</u> |
| <u>U.S. DEPARTMENT OF GENERAL SERVICES ADMINISTRATION</u> | | | |
| Pass-Through Indiana Secretary of State | | | |
| Election Reform Payments | 39.011 | | <u>178,787</u> |

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

LAWRENCE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2005

| Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title | Federal CFDA Number | Pass-Through Entity (or Other) Identifying Number | Total Federal Awards Expended |
|--|---------------------------|--|-------------------------------------|
| <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u> | | | |
| Pass-Through Indiana State Department of Health Centers for Disease Control and Prevention - Investigations and Technical Assistance | 93.283 | | |
| | | BPRS 146-2 | 23,466 |
| | | BPRS 146-2 | 30,813 |
| | | BPRS 146-1-47 | 5,730 |
| | | BPRS 04-A-2-47 | <u>9,226</u> |
| Total for program | | | <u>69,235</u> |
| Pass-Through Indiana Department of Child Services Child Support Enforcement | 93.563 | | |
| County Prosecutor Expenditures | | | 122,825 |
| Circuit Court Clerk Expenditures | | | 64,452 |
| IV-D Collection Incentive | | | 11,283 |
| Indirect Costs | | | <u>71,458</u> |
| Total for program | | | <u>270,018</u> |
| Total for federal grantor agency | | | <u>339,253</u> |
| <u>U.S. DEPARTMENT OF HOMELAND SECURITY</u> | | | |
| Pass-Through Indiana Department of Homeland Security Homeland Security Grant Program | 97.004 | | |
| LiveScan TP3500 Automatic Fingerprint Identification System FY 03 | | 2003-TE-TX-0198 | 34,483 |
| FY 04 State Homeland Security Program | | | 9,260 |
| FY 04 Law Enforcement Terrorism Prevention Program | | | 38,461 |
| | | | <u>5,057</u> |
| Total for program | | | <u>87,261</u> |
| Disaster Grants - Public Assistance (Presidentially Declared Disasters) | 97.036 | | |
| | | 1573 | 111,390 |
| | | 3197 | <u>58,009</u> |
| Total for program | | | <u>169,399</u> |
| State and Local All Hazards Emergency Operations Planning FY 2002 | 97.051 | | |
| | | | <u>210</u> |
| Total for federal grantor agency | | | <u>256,870</u> |
| Total federal awards expended | | | <u>\$ 1,361,087</u> |

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

LAWRENCE COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Lawrence County (County) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

II. Subrecipients

Of the federal expenditures presented in the schedule, the County provided federal awards to subrecipients as follows for the year ended December 31, 2005:

| Program Title | Federal CFDA Number | 2005 |
|---------------------------------------|---------------------------|-----------|
| Crime Victim Assistance | 16.575 | \$ 11,000 |
| Violence Against Women Formula Grants | 16.588 | 18,458 |

LAWRENCE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Qualified

Internal control over financial reporting:

| | |
|---|---------------|
| Material weaknesses identified? | no |
| Reportable conditions identified that are not considered to be material weaknesses? | none reported |

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

| | |
|---|-----|
| Material weaknesses identified? | no |
| Reportable conditions identified that are not considered to be material weaknesses? | yes |

Type of auditor's report issued on compliance for major programs: Unqualified for all major programs except Edward Byrne Memorial Formula Grant Program which is qualified.

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes

Identification of Major Programs:

| CFDA Number | Name of Federal Program or Cluster |
|----------------|---|
| 16.579 | Edward Byrne Memorial Formula Grant Program |
| 20.106 | Airport Improvement Program |
| 93.563 | Child Support Enforcement |

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FINDING 2005-4, CONDITION OF RECORDS

No matters are reportable.

LAWRENCE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2005-1, CASH MANAGEMENT

Federal Agency: U.S. Department of Justice
Federal Program: Edward Byrne Memorial Formula Grant Program
CFDA Number: 16.579
Federal Award Numbers: 2003-DB-BX-0026 and 2002-DB-BX-0018
Pass-Through: Indiana Criminal Justice Institute

The OMB Compliance Supplement for State and Local Governments requires that the grantee financial management systems include procedures to minimize the time elapsed between the receipt and the disbursement of federal funds. The Office of Justice Programs Financial Guide details requirements for minimum cash on hand. The grantee did not have an adequate system in place to minimize cash on hand.

The budget summaries included in the Edward Byrne Memorial Formula Grant Program grant requests listed a schedule of state and federal funds needed monthly. In October 2004, the grantee requested \$85,000 from grant 2003-DB-BX-0026 as listed in the budget summary. The funds were received in November 2004. It was November of 2005 before the program spent \$85,000. The excess cash was on hand at the County for over one year.

Grant 2002-DB-BX-0018 was for \$119,035. The funds were drawn down in two installments. The first installment of \$50,000 was received in March 2005 and the second installment of \$69,035 was received in August of 2005. The drawdowns were not expended in a timely manner.

The grantee had included a cash drawdown schedule as part of each grant application. The state approved the grants and sent the funds as requested in the application. They were not aware that they should do any cash management after the initial budget was submitted. In April of 2005 the grantee realized that there were excess funds on hand and future drawdowns for grant 2003-DB-BX-0026 were stopped.

Failure to adhere to cash management requirements could cause the unit to be deemed ineligible to receive federal awards in the future.

We recommended that the County design and properly monitor procedures that would ensure federal funds are disbursed in a timely manner.

FINDING 2005-2, MATCHING

Federal Agency: U.S. Department of Justice
Federal Program: Edward Byrne Memorial Formula Grant Program
CFDA Number: 16.579
Federal Award Number: 2002-DB-BX-0018
Pass-Through: Indiana Criminal Justice Institute

The grant agreement with the Indiana Criminal Justice Institute states that: ". . . Byrne federal grant funds may be used for up to 75% of the total project cost. Subgrantees must agree to provide the remaining 25% of the total project cost. The Byrne program requires cash match. In-kind match is not allowed . . ."

The OMB Compliance Supplement for State and Local Governments requires that the grantee record and identify amounts for matching and that federal funds can not be used as matching.

LAWRENCE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Grant 202-DB-BX-0018 included \$119,035 of federal funds and the County was to provide a \$39,625 cash match. The grant was used for the Lawrence County Drug Court. The drug court was financed by the following sources:

- (1) Edward Byrne Memorial State and Local Law Enforcement Formula Grant Program number 2002-DB-BX-0018 for \$119,035.
- (2) Juvenile Accountability Incentive Block Grant – Allocation to States number 2002-JB-BX-0018 for \$20,500.
- (3) Juvenile Accountability Incentive Block Grant – Allocation to States number 03-JB-BX-0044, \$15,000.
- (4) Juvenile Accountability Incentive Block Grant – Allocation to States number 2002-JB-BX-0021, for \$10,000.
- (5) Indiana Supreme Court drug court grant for \$10,000.
- (6) LLC grant for \$7,000.
- (7) Hoosier Uplands grant for \$3,208.
- (8) Refunds and reimbursements for \$6,565.

The grantee stated that outside agencies contribute supplies and services for the program and outside agencies paid vendors directly. Documentation for payments made by outside agencies directly to the vendors was not available for audit.

The Juvenile Accountability Incentive Block Grants and the funds received from Hoosier Uplands are federal funds.

The County could only document \$23,565.60 of local funds that were provided for the program. This amount was not the 25% of total project cost as required.

Failure to adhere to this requirement could cause the unit to be deemed ineligible to receive federal awards in the future.

The grantee believes that since the matching amounts were documented in the grant application that no other documentation was required.

The grantee was instructed to keep detailed records of amounts used to meet the matching requirement and was informed that other federal funds may not be used to meet matching requirements.

LAWRENCE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2005-3, REPORTING

Federal Agency: U.S. Department of Justice
Federal Program: Edward Byrne Memorial Formula Grant Program
CFDA Number: 16.579
Federal Award Number: 2002-DB-BX-0018
Pass-Through: Indiana Criminal Justice Institute

The County commingled receipts from the following programs in Fund 456, Drug Court:

- (1) Edward Byrne Memorial State and Local Law Enforcement Formula Grant Program number 2002-DB-BX-0018 for \$119,035.
- (2) Juvenile Accountability Incentive Block Grant – Allocation to States number 2002-JB-BX-0018 for \$20,500.
- (3) Juvenile Accountability Incentive Block Grant – Allocation to States number 03-JB-BX-0044, \$15,000.
- (4) Juvenile Accountability Incentive Block Grant – Allocation to States number 2002-JB-BX-0021, for \$10,000.
- (5) Indiana Supreme Court drug court grant for \$10,000.
- (6) LLC grant for \$7,000.
- (7) Hoosier Uplands grant for \$3,208.
- (8) Refunds and reimbursements for \$6,565.

Drug court officials were keeping spreadsheets with expenditures for each grant. Expenditures were posted to the spreadsheet as soon as they were obligated by the drug court but they did not include check numbers. Disbursements were actually made by the County Auditor several days or weeks later, after they were advertised and approved by the County Commissioners. Although drug court spreadsheets were compared to the Auditor's ledger from time to time, the spreadsheets were never reconciled to the County Auditor's ledger.

Quarterly reports were submitted using amounts from the drug court records instead of actual disbursements by the County Auditor. Disbursements reported to the federal agency could not be verified.

The drug court program was closed in February 2006. At that time, all funds should have been expended and reports were submitted to the various agencies indicating all funds were disbursed. As of May 31, 2006, the County Auditor's ledger still had \$26,174.97 in Drug Court Fund 456.

The Indiana Criminal Justice Institute requires Quarterly Financial Reports to be submitted timely and accurately. Any grant funds remaining at the time the final financial report is submitted or at the end of the 90 day period following the end of the grant must be refunded to the Institute. Failure to adhere to this requirement could cause the unit to be deemed ineligible to receive federal awards in the future.

Drug court records should be reconciled on a regular basis with the County Auditor's ledger. Any discrepancies should be identified and corrected promptly. Quarterly reports should be prepared from the county auditor's ledger.

LAWRENCE COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

LAWRENCE COUNTY COMMISSIONERS
916 15TH Street, Room 28
Bedford, IN 47421
812-275-3111

FINDING NO. 2005-1, CASH MANAGEMENT

Federal Agency: U. S. Department of Justice
Federal Program: Edward Byrne Memorial Formula Grant Program
CFDA Number: 16.579
Federal Award Number: 2003-DB-BX-0026 and 2002-DB-BX-0018
Auditee Contact Person: Billie Turney
Title of Contact Person: Auditor
Phone Number: 812-275-3111
Expected Completion Date: 08-06

We now understand the errors with cash management and have already taken the steps to resolve the problems.

FINDING NO. 2005-2, MATCHING

Federal Agency: U. S. Department of Justice
Federal Program: Edward Byrne Memorial Formula Grant Program
CFDA Number 16.579
Federal Award Number 2002-DB-BX-0018
Auditee Contact Person: Judge Andrea McCord
Title of Contact Person: Juvenile Court Judge
Phone Number:
Expected Completion Date: 10-06

We understand that it is an imperative part of the grant process that upon application we make a clear determination that the local agencies we are using as our local match are receiving their funds from state or local sources not federal sources.

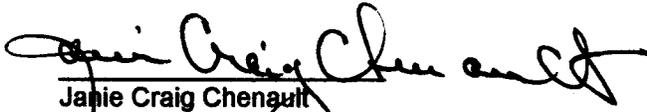
Further we will contact and work with the granting agency to resolve these issues in an expedient matter and to assure there will be no further issues. We will also be requesting training from the Indiana Criminal Justice Institute or other appropriate agency prior to any future grant applications regarding matching and cash management issues.

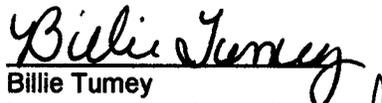
FINDING NO. 2005-3. REPORTING

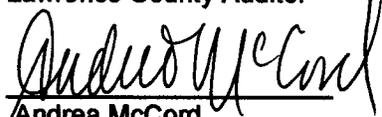
Federal Agency: U. S. Department of Justice
Federal Program: Edward Byrne Memorial Formula Grant Program
CFDA Number 16.579
Federal Award Number 2002-DB-BX-0018
Auditee Contact Person: Billie Tumey
Title of Contact Person: Auditor
Phone Number: 812-275-3111
Expected Completion Date: 10-06

We have corrected the reporting errors concerning the filing of claims and when the disbursements are made, and are comparing records between the courts and the auditor's office.

We are currently working with the involved department heads on a resolution on the balance left in the grant fund. We are comparing data from all sources and will disburse the remaining funds to the appropriate agency, and will work with the Indiana Criminal Justice Institute on a solution.


Janie Craig Chenault
Lawrence County Commissioner


Billie Tumey
Lawrence County Auditor


Andrea McCord
Lawrence County Juvenile Court Judge

August 7, 2006

LAWRENCE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 7, 2006, with Janie Craig Chenault, President of the Board of County Commissioners; Billie J. Tumey, Auditor; and Jody Edwards, Bookkeeper.