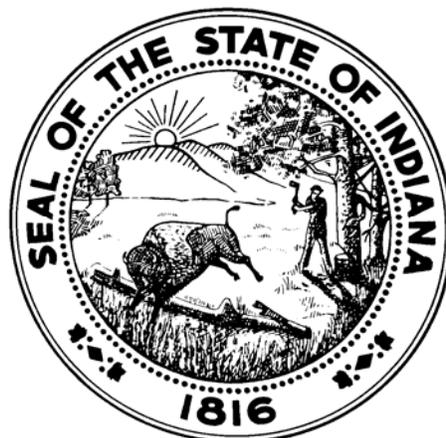


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

ANNUAL FINANCIAL REPORT

2005

HOWARD COUNTY, INDIANA



**FILED**

09/12/2006



TABLE OF CONTENTS

| <u>Description</u>  | <u>Page</u> |
|---|-------------|
| Schedule of Officials.....  | 2           |
| Independent Auditor's Report on Financial Statements and<br>Supplementary Schedule of Expenditures of Federal Awards .....  | 3-4         |
| Independent Auditor's Report on Compliance and on Internal Control Over<br>Financial Reporting Based on an Audit of Financial Statements<br>Performed in Accordance With Government Auditing Standards..... | 5-6         |
| Basic Financial Statements:   |             |
| Government-Wide Financial Statements:   |             |
| Statement of Activities and Net Assets – Cash and Investment Basis .....  | 7           |
| Fund Financial Statements:  |             |
| Governmental Funds:   |             |
| Statement of Assets and Fund Balances and Receipts, Disbursements,<br>and Changes in Fund Balances – Cash and Investment Basis<br>– Governmental Funds.....   | 8           |
| Proprietary Funds:  |             |
| Statement of Assets and Fund Balances and Receipts, Disbursements,<br>and Changes in Fund Balances – Cash and Investment Basis<br>– Proprietary Funds.....  | 9           |
| Fiduciary Funds:  |             |
| Statement of Additions, Deductions, and Changes in Cash and<br>Investment Balances – Fiduciary Funds .....  | 10          |
| Notes to Financial Statements .....   | 11-22       |
| Required Supplementary Information:   |             |
| Schedules of Funding Progress.....  | 23          |
| Supplementary Information:  |             |
| Combining Schedule of Assets and Fund Balances and Receipts, Disbursements,<br>and Changes in Fund Balances – Cash and Investment Basis – Other<br>Governmental Funds.....                                  | 24-36       |
| Combining Schedule of Additions, Deductions, and Changes in Cash and<br>Investment Balances – Pension Trust Funds.....  | 37          |
| Combining Schedule of Additions, Deductions, and Changes in Cash and<br>Investment Balances – Agency Funds .....  | 38-41       |
| Schedule of Capital Assets .....  | 42          |
| Schedule of Long-Term Debt.....   | 43          |
| Other Reports.....  | 44          |
| Supplemental Audit of Federal Awards:   |             |
| Independent Auditor's Report on Compliance With Requirements<br>Applicable to Each Major Program and Internal Control Over<br>Compliance in Accordance With OMB Circular A-133 .....                        | 46-47       |
| Schedule of Expenditures of Federal Awards.....   | 48-49       |
| Note to Schedule of Expenditures of Federal Awards .....  | 50          |
| Schedule of Findings and Questioned Costs.....  | 51-52       |
| Auditee Prepared Schedules:   |             |
| Summary Schedule of Prior Audit Findings.....   | 53-54       |
| Corrective Action Plan.....   | 55          |
| Exit Conference.....  | 56          |

SCHEDULE OF OFFICIALS

| <u>Office</u>                                     | <u>Official</u>               | <u>Term</u>                                  |
|---|-------------------------------|--|
| Auditor   | Ann Wells                     | 01-01-05 to 12-31-08                         |
| Treasurer   | Martha Lake                   | 01-01-05 to 12-31-08                         |
| Clerk   | Mona Myers                    | 01-01-04 to 12-31-07                         |
| Sheriff   | Marshall D. Talbert           | 01-01-03 to 12-31-06                         |
| Recorder  | Linda Koontz                  | 01-01-03 to 12-31-06                         |
| President of the Board of<br>County Commissioners | Paul J. Raver<br>Brad Bagwell | 01-01-05 to 12-31-05<br>01-01-06 to 12-31-06 |
| President of the<br>County Council                | Richard H. Miller             | 01-01-05 to 12-31-06                         |



**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 FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF HOWARD COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Howard 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.

Except as discussed in the fourth paragraph, 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 June 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

June 26, 2006



**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](http://www.in.gov/sboa)

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 HOWARD COUNTY, INDIANA

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

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. However, we noted certain matters involving the internal control over financial reporting 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 financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as item 2005-1.

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  
(Continued)

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. Our consideration of the internal control over financial reporting 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 also considered to be material weaknesses. We believe none of the reportable conditions described above is a material weakness.

We noted other matters involving the internal control over financial reporting that we have discussed with the management of the County on May 24, 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.

STATE BOARD OF ACCOUNTS

June 26, 2006

HOWARD 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>Net<br/>(Disbursement)<br/>Receipt and Changes<br/>in Net Assets</u> |
|----------------------------------|---------------------------------|---|---|---|---|
|                                  | <u>Charges for<br/>Services</u> | <u>Operating<br/>Grants and<br/>Contributions</u> | <u>Capital<br/>Grants and<br/>Contributions</u>   | <u>Primary<br/>Government</u>                   |   |
|                                  | <u>Disbursements</u>            | <u>Charges for<br/>Services</u>                   | <u>Operating<br/>Grants and<br/>Contributions</u> | <u>Capital<br/>Grants and<br/>Contributions</u> | <u>Governmental<br/>Activities</u>                                      |
| Primary government:              |                                 |   |   |   |   |
| Governmental activities:         |                                 |   |   |   |   |
| General government               | \$ 16,718,312                   | \$ 2,479,540                                      | \$ 104,373  | \$ 3,807,807                                    | \$ (10,326,592)   |
| Public safety                    | 10,760,658                      | 402,704   | 604,323   | 1,313,673                                       | (8,439,958)   |
| Highways and streets             | 5,142,181                       | -   | -   | 3,613,133                                       | (1,529,048)   |
| Health and welfare               | 6,057,637                       | 3,596   | 65,380  | 1,612,160                                       | (4,376,501)   |
| Culture and recreation           | 263,287                         | -   | -   | -   | (263,287)   |
| Interest on long-term debt       | 535,000                         | -   | -   | -   | (535,000)   |
|                                  | <u>\$ 39,477,075</u>            | <u>\$ 2,885,840</u>                               | <u>\$ 774,076</u>                                 | <u>\$ 10,346,773</u>                            | <u>(25,470,386)</u>   |
| Total primary government         |                                 |   |   |   |   |
| General receipts:                |                                 |   |   |   |   |
| Property taxes                   |                                 |   |   |   | 18,596,032  |
| County option tax                |                                 |   |   |   | 4,763,738   |
| Auto excise tax                  |                                 |   |   |   | 2,552,075   |
| Other taxes                      |                                 |   |   |   | 132,702   |
| Unrestricted investment earnings |                                 |   |   |   | 960,647   |
|                                  |                                 |   |   |   | <u>27,005,194</u>   |
|                                  |                                 |   |   |   | Change in net assets 1,534,808  |
|                                  |                                 |   |   |   | <u>Net assets - beginning 22,755,310</u>                                |
|                                  |                                 |   |   |   | <u>Net assets - ending \$ 24,290,118</u>                                |
| <br><u>Assets</u>                |                                 |   |   |   |   |
| Cash and investments             |                                 |   |   |   | \$ 15,590,158   |
| Restricted assets:               |                                 |   |   |   |   |
| Cash and investments             |                                 |   |   |   | 8,699,960   |
| Total assets                     |                                 |   |   |   | <u>\$ 24,290,118</u>  |
| <br><u>Net Assets</u>            |                                 |   |   |   |   |
| Restricted for:                  |                                 |   |   |   |   |
| Debt service                     |                                 |   |   |   | \$ 846,425  |
| Other purposes                   |                                 |   |   |   | 14,743,733  |
| Unrestricted                     |                                 |   |   |   | 8,699,960   |
| Total net assets                 |                                 |   |   |   | <u>\$ 24,290,118</u>  |

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

HOWARD 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             | Family and<br>Children | Other<br>Governmental<br>Funds | Totals               |
|---|---------------------|------------------------|--------------------------------|----------------------|
| <b>Receipts:</b>  |                     |                        |                                |                      |
| Taxes   | \$ 17,038,886       | \$ 3,041,402           | \$ 6,004,951                   | \$ 26,085,239        |
| Special assessments   | -                   | -                      | 395,038                        | 395,038              |
| Intergovernmental   | 804,030             | 1,395,148              | 4,456,837                      | 6,656,015            |
| Charges for services  | 1,840,200           | -                      | 1,045,639                      | 2,885,839            |
| Fines and forfeits  | 408,186             | -                      | 653,016                        | 1,061,202            |
| Other   | 2,022,685           | -                      | 1,905,864                      | 3,928,549            |
| <b>Total receipts</b>   | <b>22,113,987</b>   | <b>4,436,550</b>       | <b>14,461,345</b>              | <b>41,011,882</b>    |
| <b>Disbursements:</b>   |                     |                        |                                |                      |
| General government  | 12,825,953          | -                      | 4,238,917                      | 17,064,870           |
| Public safety   | 7,482,247           | -                      | 2,103,411                      | 9,585,658            |
| Highways and streets  | -                   | -                      | 4,295,769                      | 4,295,769            |
| Health and welfare  | 1,447,041           | 3,491,764              | 1,118,832                      | 6,057,637            |
| Culture and recreation  | 125,505             | -                      | 137,782                        | 263,287              |
| Debt service:   |                     |                        |                                |                      |
| Principal   | -                   | -                      | 1,175,000                      | 1,175,000            |
| Interest  | -                   | -                      | 535,000                        | 535,000              |
| Capital outlay:   |                     |                        |                                |                      |
| Highways and streets  | -                   | -                      | 846,412                        | 846,412              |
| Special assessments   | -                   | -                      | 180,465                        | 180,465              |
| <b>Total disbursements</b>  | <b>21,880,746</b>   | <b>3,491,764</b>       | <b>14,631,588</b>              | <b>40,004,098</b>    |
| Excess (deficiency) of receipts<br>over (under) disbursements   | <u>233,241</u>      | <u>944,786</u>         | <u>(170,243)</u>               | <u>1,007,784</u>     |
| Excess (deficiency) of receipts and other<br>financing sources over (under) disbursements<br>and other financing uses   | <u>233,241</u>      | <u>944,786</u>         | <u>(170,243)</u>               | <u>1,007,784</u>     |
| Cash and investment fund balance - beginning  | <u>4,122,524</u>    | <u>2,892,018</u>       | <u>13,661,500</u>              | <u>20,676,042</u>    |
| Cash and investment fund balance - ending   | <u>\$ 4,355,765</u> | <u>\$ 3,836,804</u>    | <u>\$ 13,491,257</u>           | <u>21,683,826</u>    |
| Amounts reported for governmental activities in the Statement of Activities and Net Assets -<br>Cash and Investment Basis are different because:  |                     |                        |                                |                      |
| Internal services funds are used by management to charge the costs of certain services<br>to individual funds. The assets and liabilities of the internal service funds are included in<br>governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis. |                     |                        |                                | <u>2,606,292</u>     |
| Net assets of governmental activities   |                     |                        |                                | <u>\$ 24,290,118</u> |
| <u>Cash and Investment Assets - December 31</u>   |                     |                        |                                |                      |
| Total cash and investment assets - December 31  | <u>\$ 4,355,765</u> | <u>\$ 3,836,804</u>    | <u>\$ 13,491,257</u>           | <u>\$ 21,683,826</u> |
| <u>Cash and Investment Fund Balance - December 31</u>   |                     |                        |                                |                      |
| Restricted for:   |                     |                        |                                |                      |
| Debt service  | \$ -                | \$ -                   | \$ 846,426                     | \$ 846,426           |
| Other purpose   |                     | 3,836,804              | 8,300,636                      | 12,137,440           |
| Unrestricted  | <u>4,355,765</u>    | <u>-</u>               | <u>4,344,195</u>               | <u>8,699,960</u>     |
| Total cash and investment fund balance - December 31  | <u>\$ 4,355,765</u> | <u>\$ 3,836,804</u>    | <u>\$ 13,491,257</u>           | <u>\$ 21,683,826</u> |

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

HOWARD COUNTY  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUND  
As of and for the Year Ended December 31, 2005

|  | <u>Internal<br/>Service<br/>Fund</u> |
|--|--------------------------------------|
| Operating receipts:  |                                      |
| Other  | <u>\$ 4,414,862</u>                  |
| Operating disbursements:   |                                      |
| General Government   | <u>3,887,838</u>                     |
| Excess of receipts, contributions and transfers in<br>over disbursements and transfers out | 527,024                              |
| Cash and investment fund balance - beginning   | <u>2,079,268</u>                     |
| Cash and investment fund balance - ending  | <u><u>\$ 2,606,292</u></u>           |

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

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

|  | Pension<br>Trust Funds | Private-Purpose<br>Trust Funds | Agency<br>Funds     |
|--|------------------------|--------------------------------|---------------------|
| Additions:   |                        |                                |                     |
| Contributions:                                     |                        |                                |                     |
| Employer   | \$ 275,893             | \$ -                           | \$ -                |
| Plan members                                       | <u>82,540</u>          | <u>-</u>                       | <u>-</u>            |
| Total contributions                                | <u>358,433</u>         | <u>-</u>                       | <u>-</u>            |
| Investment earnings:                               |                        |                                |                     |
| Net (decrease) in fair value of investments        | 136,357                | -                              | -                   |
| Interest   | <u>223,400</u>         | <u>-</u>                       | <u>-</u>            |
| Total investment earnings                          | <u>359,757</u>         | <u>-</u>                       | <u>-</u>            |
| Net investment earnings                            | <u>359,757</u>         | <u>-</u>                       | <u>-</u>            |
| Agency fund additions                              | <u>-</u>               | <u>-</u>                       | <u>459,777,288</u>  |
| Total additions                                    | <u>718,190</u>         | <u>-</u>                       | <u>459,777,288</u>  |
| Deductions:  |                        |                                |                     |
| Benefits   | 342,416                | -                              | -                   |
| Administrative and general                         | 41,723                 | -                              | -                   |
| Agency fund deductions                             | <u>-</u>               | <u>-</u>                       | <u>458,468,146</u>  |
| Total deductions                                   | <u>384,139</u>         | <u>-</u>                       | <u>458,468,146</u>  |
| Excess of total additions<br>over total deductions | 334,051                | -                              | 1,309,142           |
| Cash and investment fund balance - beginning       | <u>8,004,873</u>       | <u>22,478</u>                  | <u>7,750,431</u>    |
| Cash and investment fund balance - ending          | <u>\$ 8,338,924</u>    | <u>\$ 22,478</u>               | <u>\$ 9,059,573</u> |

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

HOWARD 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

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

The Howard County Hospital and the Redevelopment Authority, a component unit has 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. The County appoints the board members of the Howard County Hospital, Howard County Economic Development Commission, Howard County Solid Waste Management District, Kokomo Howard County Emergency Management Advisory Board, Howard County Alcoholic Beverage Commission, Howard County Convention and Visitors Commission, and the Kokomo/ Howard County Governmental Coordinating Council.

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. This unit does not have business type activity.

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 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.

HOWARD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 family and children fund accounts for expenses incurred in providing public welfare assistance. Financial is provided by a specific property tax levy and Federal and State assistance.

Additionally, the County reports the following fund types:

The internal service fund accounts for medical insurance provided to other departments on a cost-reimbursement basis.

The pension trust funds account for the activities of the Howard County Police Retirement and Benefit Plan which accumulate resources for pension benefit payments.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit other governments.

Agency funds account for assets held by the County as an agent for various individuals and organizations and serves as a control 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, proprietary 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.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government or other departments or agencies primarily within the government internal service funds. The County does not have any enterprise funds.

HOWARD 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 or proprietary 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 and proprietary 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. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. 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.

HOWARD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2. Operating Receipts and Disbursements

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government or other departments or agencies primarily within the government internal service funds. The County does not have any enterprise funds.

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.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. 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.
3. 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

HOWARD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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. Disbursements in Excess of Appropriations

For the year ended December 31, 2005, disbursements did not exceeded budgeted appropriations.

C. 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:

| Fund                                    | 2005      |
|---|-----------|
| Drug Task Force Grant                   | \$ 67,090 |
| Stop Domestic Violence Grant            | 20,164    |
| BIO Terrorism Health Coordination Grant | 8,256     |

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the reimbursement grants; these deficits are to be repaid from future grant 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 County'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. At December 31, 2005, the bank 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 and the Sheriff's Pension Plans had the following investments:

HOWARD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

| Investment<br>Type    | Primary<br>Government<br>Market<br>Value | Investment<br>Maturities<br>Less<br>Than 1 |
|-----------------------|--|--|
| Repurchase Agreements | \$ 13,787,118                            | \$ 13,787,118                              |

| Investment<br>Type | Pension Plan<br>Market<br>Value | Investment<br>Maturities<br>Less<br>Than 1 |
|--------------------|---------------------------------|--|
| Mutual Funds       | \$ 9,076,382.00                 | \$ 9,076,382.00                            |

Investment Policies

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.

HOWARD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The Sheriff's Pension Plan is not subject to the same investment laws as the County. The Sheriff's Merit Board has not adopted a formal investment policy.

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 County does not have a formal investment policy for custodial credit risk for investments. The Sheriff's Pension Plan does not have a formal investment policy for custodial credit risk for investments. At December 31, 2005, the County held investments in Repurchase Agreements in the amount of \$13,787,118. Of these investments \$13,787,118 were held by the counter party but not in the County's name. At December 31, 2005, the Sheriff's Pension Plan held investments in Mutual Funds in the amount of \$9,076,382. Of these investments \$9,076,382 were held by the counterparty's trust department or agent in the Sheriff's Pension Plan name.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County must follow state statute and limit the stated final maturities of the investments to no more than two years. The Sheriff's Pension Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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.

|   | County's Investments  |                                       |
|---|-----------------------|---------------------------------------|
| Moody's<br>Rating                               | Mutual<br>Funds       | Government<br>Sponsored<br>Enterprise |
| Aaa   | \$ <u>          -</u> | \$ <u>13,787,118</u>                  |
| Police Retirement Pension<br>Plan's Investments |                       |                                       |
| Moody's<br>Rating                               | Mutual<br>Funds       | Government<br>Sponsored<br>Enterprise |
| Aaa   | \$ 31,787             | \$ -                                  |
| Unrated   | <u>9,044,595</u>      | <u>-</u>                              |
| Totals  | <u>\$ 9,076,382</u>   | <u>\$ -</u>                           |

HOWARD 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 County does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement. The Sheriff's Merit Board has not adopted a policy for the concentration of credit risk.

Foreign Currency Risk

The County does not have a formal policy in regards to foreign currency risk. The Sheriff's Pension Plan does not have a formal policy in regards to foreign currency risk.

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; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); 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.

Medical and Dental Benefits

The County has chosen to establish a risk financing fund for risks associated with medical and dental benefits. The risk financing fund is accounted for in the Self Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$100,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

Job Related Illnesses or Injuries to Employees

During 1990, the County joined with other governmental entities to form the Indiana Public Employees Plan Inc., a public entity risk pool currently operating as a common risk management and insurance program for 515 member governmental entities. This risk pool was formed in 1990. The purpose of the risk pool is to provide a medium for the funding and administration of Worker's Compensation Insurance plan, for the benefit of member's employees. The County pays an annual premium to the risk pool for its job related illnesses or injuries coverage. 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. The risk pool obtains independent coverage for insured events in excess of the \$1,000,000 limit.

HOWARD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Holding Corporation

The County has entered into a capital lease with the Howard County Jail and Detention Center 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 \$1,175,000.

C. Conduit Debt Obligation

From time to time, the County has issued Economic Development 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 notes to the financial statements.

D. Postemployment Benefits

In addition to the pension benefits described below, the County provides postemployment insurance benefits, as authorized by Indiana Code 5-10-8, to retire merit officers of the Howard County Sheriff's Department who have retired from the Sheriff's Department on or after attaining age 50 with at least 20 years of service. Currently, three retirees meet eligibility requirements. The County provides \$150 each month towards the health insurance premiums of eligible retirees. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended December 31, 2005, disbursements of \$5,400 were recognized for postemployment benefits.

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

HOWARD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

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.

HOWARD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

Actuarial Information for the Above Plans

|  | PERF                | County Police<br>Retirement<br>Plan | County Police<br>Benefit<br>Plan |
|--|---------------------|-------------------------------------|----------------------------------|
| Annual required contribution               | \$ 628,142          | \$ 247,712                          | \$ 15,565                        |
| Interest on net pension obligation         | (38,996)            | 3,180                               | -                                |
| Adjustment to annual required              |                     |                                     |                                  |
| Adjustment to annual required contribution | <u>44,439</u>       | <u>(7,291)</u>                      | <u>-</u>                         |
| Annual pension cost                        | 633,585             | 243,601                             | 15,565                           |
| Contributions made                         | <u>717,771</u>      | <u>244,763</u>                      | <u>15,565</u>                    |
| Decrease in net pension obligation         | (84,186)            | (1,162)                             | -                                |
| Net pension obligation, beginning of year  | <u>(537,879)</u>    | <u>45,423</u>                       | <u>-</u>                         |
| Net pension obligation, end of year        | <u>\$ (622,065)</u> | <u>\$ 44,261</u>                    | <u>\$ -</u>                      |

|                                 | PERF  | County Police<br>Retirement<br>Plan                 | County Police<br>Benefit<br>Plan                    |
|---------------------------------|---|---|---|
| Contribution rates:             |   |   |   |
| County                          | 5.5%  | None  | None  |
| Plan members                    | 3%  | 6%  | None  |
| Actuarial valuation date        | 07-01-05  | 01-01-06  | 01-01-06  |
| Actuarial cost method           | Entry age   | Entry age   | Entry age   |
| Amortization method             | Level percentage<br>of projected<br>payroll, closed | Level percentage<br>of projected<br>payroll, closed | Level percentage<br>of projected<br>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<br>smoothed market                           | 4 year<br>smoothed market                           | 4 year<br>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% |

HOWARD COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Three Year Trend Information

|                               | Year<br>Ending | Annual<br>Pension Cost<br>(APC) | Percentage<br>of APC<br>Contributed | Net<br>Pension<br>Obligation |
|-------------------------------|----------------|---------------------------------|-------------------------------------|------------------------------|
| PERF                          | 06-30-03       | \$ 653,293                      | 96%                                 | \$ (445,485)                 |
|                               | 06-30-04       | 570,529                         | 116%                                | (537,879)                    |
|                               | 06-30-05       | 628,142                         | 126%                                | (622,065)                    |
| County Police Retirement Plan | 12-31-03       | 256,691                         | 102%                                | (15,253)                     |
|                               | 12-31-04       | 238,781                         | 75%                                 | 45,423                       |
|                               | 12-31-05       | 247,712                         | 98.8%                               | 44,261                       |
| County Police Benefit Plan    | 12-31-03       | 13,102                          | 100%                                | -                            |
|                               | 12-31-04       | 16,810                          | 100%                                | -                            |
|                               | 12-31-05       | 15,565                          | 100%                                | -                            |

HOWARD COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>(b) | Unfunded<br>AAL<br>(a-b) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | Unfunded<br>AAL as a<br>Percentage<br>of Covered<br>Payroll<br>((a-b)/c) |
|--------------------------------|--|---|--------------------------|--------------------------|---------------------------|--|
| 07-01-03                       | \$ 9,212,587                           | \$ 9,604,383                                      | \$ (391,796)             | 96%                      | \$ 11,541,745             | (3%)   |
| 07-01-04                       | 9,501,326                              | 10,319,740  | (818,414)                | 92%                      | 11,870,557                | (7%)   |
| 07-01-05                       | 10,076,129                             | 12,361,166  | (2,285,037)              | 82%                      | 12,436,298                | (18%)  |

County Police Retirement Plan

| Actuarial<br>Valuation<br>Date | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>(b) | Unfunded<br>AAL<br>(a-b) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll<br>(c) | Unfunded<br>AAL as a<br>Percentage<br>of Covered<br>Payroll<br>((a-b)/c) |
|--------------------------------|--|---|--------------------------|--------------------------|---------------------------|--|
| 01-01-01                       | \$ 6,345,980                           | \$ 6,654,101                                      | \$ (308,121)             | 95%                      | \$ 1,277,191              | (24%)  |
| 01-01-02                       | 6,750,688                              | 6,961,435   | (210,747)                | 97%                      | 1,314,601                 | (16%)  |
| 01-01-03                       | 7,020,522                              | 7,225,977   | (205,455)                | 97%                      | 1,344,660                 | (15%)  |
| 01-01-04                       | 7,275,816                              | 7,902,132   | (626,316)                | 92%                      | 1,310,088                 | (48%)  |
| 01-01-05                       | 7,624,745                              | 8,300,150   | (675,405)                | 92%                      | 1,344,325                 | (50%)  |
| 01-01-06                       | 8,337,828                              | 9,033,471   | (695,643)                | 92%                      | 1,288,104                 | (54%)  |

HOWARD 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 Highway    | Local Roads and Streets | County Health     | Property Reassessments | Supplemental Juvenile Probation Service | Supplemental Adult Probation Service | Accident Report  |
|---|-------------------|-------------------------|-------------------|------------------------|---|--------------------------------------|------------------|
| Receipts:   |                   |                         |                   |                        |   |                                      |                  |
| Taxes   | \$ 822,800        | \$ -                    | \$ 446,707        | \$ -                   | \$ -                                    | \$ -                                 | \$ -             |
| Special assessments   | -                 | -                       | -                 | -                      | -                                       | -                                    | -                |
| Intergovernmental   | 2,593,355         | 611,309                 | -                 | -                      | -                                       | -                                    | -                |
| Charges for services  | -                 | -                       | -                 | -                      | 37,716                                  | 198,854                              | 11,028           |
| Fines and forfeits  | -                 | -                       | -                 | -                      | -                                       | -                                    | -                |
| Other   | 103,637           | 261,091                 | 217,012           | 69,489                 | -                                       | -                                    | -                |
| <b>Total receipts</b>                                       | <b>3,519,792</b>  | <b>872,400</b>          | <b>663,719</b>    | <b>69,489</b>          | <b>37,716</b>                           | <b>198,854</b>                       | <b>11,028</b>    |
| Disbursements:  |                   |                         |                   |                        |   |                                      |                  |
| General government  | -                 | -                       | -                 | 591,861                | -                                       | -                                    | -                |
| Public safety   | -                 | -                       | -                 | -                      | 31,160                                  | 258,204                              | 9,906            |
| Highways and streets  | 3,711,120         | 584,649                 | -                 | -                      | -                                       | -                                    | -                |
| Health and welfare  | -                 | -                       | 626,987           | -                      | -                                       | -                                    | -                |
| Culture and recreation                                      | -                 | -                       | -                 | -                      | -                                       | -                                    | -                |
| Debt service:   |                   |                         |                   |                        |   |                                      |                  |
| Principal   | -                 | -                       | -                 | -                      | -                                       | -                                    | -                |
| Interest  | -                 | -                       | -                 | -                      | -                                       | -                                    | -                |
| Capital outlay:   |                   |                         |                   |                        |   |                                      |                  |
| Highways and streets  | -                 | -                       | -                 | -                      | -                                       | -                                    | -                |
| Special assessments   | -                 | -                       | -                 | -                      | -                                       | -                                    | -                |
| <b>Total disbursements</b>                                  | <b>3,711,120</b>  | <b>584,649</b>          | <b>626,987</b>    | <b>591,861</b>         | <b>31,160</b>                           | <b>258,204</b>                       | <b>9,906</b>     |
| Excess (deficiency) of receipts over (under) disbursements  | (191,328)         | 287,751                 | 36,732            | (522,372)              | 6,556                                   | (59,350)                             | 1,122            |
| Cash and investment fund balance - beginning                | 441,346           | 36,682                  | 138,880           | 2,417,341              | 10,892                                  | 311,696                              | 12,271           |
| Cash and investment fund balance - ending                   | \$ 250,018        | \$ 324,433              | \$ 175,612        | \$ 1,894,969           | \$ 17,448                               | \$ 252,346                           | \$ 13,393        |
| <b>Cash and Investment Assets - December 31</b>             |                   |                         |                   |                        |   |                                      |                  |
| Total cash and investment assets - December 31              | \$ 250,018        | \$ 324,433              | \$ 175,612        | \$ 1,894,969           | \$ 17,448                               | \$ 252,346                           | \$ 13,393        |
| <b>Cash and Investment Fund Balance - December 31</b>       |                   |                         |                   |                        |   |                                      |                  |
| Restricted for:   |                   |                         |                   |                        |   |                                      |                  |
| Debt service  | \$ -              | \$ -                    | \$ -              | \$ -                   | \$ -                                    | \$ -                                 | \$ -             |
| Unrestricted  | 250,018           | 324,433                 | 175,612           | 1,894,969              | 17,448                                  | 252,346                              | 13,393           |
| <b>Total cash and investment fund balance - December 31</b> | <b>\$ 250,018</b> | <b>\$ 324,433</b>       | <b>\$ 175,612</b> | <b>\$ 1,894,969</b>    | <b>\$ 17,448</b>                        | <b>\$ 252,346</b>                    | <b>\$ 13,393</b> |

HOWARD 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)

|   | Alcohol and<br>Drug Services | Surveyor's<br>Corner<br>Perpetuation | Firearms<br>Training | Recorder's<br>Recorder's<br>Perpetuation | Emergency<br>Telephone<br>Service (911) | Juvenile<br>Informal<br>User Fees | Alternative<br>School<br>Program |
|---|------------------------------|--------------------------------------|----------------------|--|---|-----------------------------------|----------------------------------|
| Receipts:   |                              |                                      |                      |  |   |                                   |                                  |
| Taxes   | \$ -                         | \$ -                                 | \$ -                 | \$ -                                     | \$ -                                    | \$ -                              | \$ -                             |
| Special assessments   | -                            | -                                    | -                    | -  | -                                       | -                                 | -                                |
| Intergovernmental   | -                            | -                                    | -                    | -  | -                                       | -                                 | -                                |
| Charges for services  | -                            | 20,150                               | 6,810                | 148,801                                  | -                                       | 3,465                             | -                                |
| Fines and forfeits  | 155,735                      | -                                    | -                    | -  | -                                       | -                                 | -                                |
| Other   | -                            | -                                    | -                    | -  | 475,540                                 | -                                 | -                                |
| Total receipts  | <u>155,735</u>               | <u>20,150</u>                        | <u>6,810</u>         | <u>148,801</u>                           | <u>475,540</u>                          | <u>3,465</u>                      | <u>-</u>                         |
| Disbursements:  |                              |                                      |                      |  |   |                                   |                                  |
| General government  | -                            | 3,842                                | -                    | 77,540                                   | 588,711                                 | -                                 | 1,322                            |
| Public safety   | 146,191                      | -                                    | 18,590               | -  | -                                       | -                                 | -                                |
| Highways and streets  | -                            | -                                    | -                    | -  | -                                       | -                                 | -                                |
| Health and welfare  | -                            | -                                    | -                    | -  | -                                       | 5,000                             | -                                |
| Culture and recreation  | -                            | -                                    | -                    | -  | -                                       | -                                 | -                                |
| Debt service:   |                              |                                      |                      |  |   |                                   |                                  |
| Principal   | -                            | -                                    | -                    | -  | -                                       | -                                 | -                                |
| Interest  | -                            | -                                    | -                    | -  | -                                       | -                                 | -                                |
| Capital outlay:   |                              |                                      |                      |  |   |                                   |                                  |
| Highways and streets  | -                            | -                                    | -                    | -  | -                                       | -                                 | -                                |
| Special assessments   | -                            | -                                    | -                    | -  | -                                       | -                                 | -                                |
| Total disbursements   | <u>146,191</u>               | <u>3,842</u>                         | <u>18,590</u>        | <u>77,540</u>                            | <u>588,711</u>                          | <u>5,000</u>                      | <u>1,322</u>                     |
| Excess (deficiency) of receipts<br>over (under) disbursements | <u>9,544</u>                 | <u>16,308</u>                        | <u>(11,780)</u>      | <u>71,261</u>                            | <u>(113,171)</u>                        | <u>(1,535)</u>                    | <u>(1,322)</u>                   |
| Cash and investment fund balance - beginning                  | <u>194,003</u>               | <u>17,996</u>                        | <u>27,200</u>        | <u>191,053</u>                           | <u>609,119</u>                          | <u>6,454</u>                      | <u>1,322</u>                     |
| Cash and investment fund balance - ending                     | <u>\$ 203,547</u>            | <u>\$ 34,304</u>                     | <u>\$ 15,420</u>     | <u>\$ 262,314</u>                        | <u>\$ 495,948</u>                       | <u>\$ 4,919</u>                   | <u>\$ -</u>                      |
| <u>Cash and Investment Assets - December 31</u>               |                              |                                      |                      |  |   |                                   |                                  |
| Total cash and investment assets - December 31                | <u>\$ 203,547</u>            | <u>\$ 34,304</u>                     | <u>\$ 15,420</u>     | <u>\$ 262,314</u>                        | <u>\$ 495,948</u>                       | <u>\$ 4,919</u>                   | <u>\$ -</u>                      |
| <u>Cash and Investment Fund Balance - December 31</u>         |                              |                                      |                      |  |   |                                   |                                  |
| Restricted for:   |                              |                                      |                      |  |   |                                   |                                  |
| Debt service  | \$ -                         | \$ -                                 | \$ -                 | \$ -                                     | \$ -                                    | \$ -                              | \$ -                             |
| Unrestricted  | <u>203,547</u>               | <u>34,304</u>                        | <u>15,420</u>        | <u>262,314</u>                           | <u>495,948</u>                          | <u>4,919</u>                      | <u>-</u>                         |
| Total cash and investment fund balance - December 31          | <u>\$ 203,547</u>            | <u>\$ 34,304</u>                     | <u>\$ 15,420</u>     | <u>\$ 262,314</u>                        | <u>\$ 495,948</u>                       | <u>\$ 4,919</u>                   | <u>\$ -</u>                      |

HOWARD 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<br>Drug Court<br>Program | FEMA<br>Community<br>Emergency<br>Response | Continued<br>Substance<br>Excise Tax | Adult Probation<br>Administration<br>Fees | Juvenile<br>Probation<br>Fee | Indiana<br>AIDS Grant | Informal<br>Probation<br>Users Fees |
|---|-----------------------------------|--|--------------------------------------|---|------------------------------|-----------------------|-------------------------------------|
| <b>Receipts:</b>  |                                   |  |                                      |   |                              |                       |                                     |
| Taxes   | \$ -                              | \$ -                                       | \$ -                                 | \$ -                                      | \$ -                         | \$ -                  | \$ -                                |
| Special assessments   | -                                 | -  | -                                    | -   | -                            | -                     | -                                   |
| Intergovernmental   | -                                 | -  | -                                    | -   | -                            | 10,000                | -                                   |
| Charges for services  | 50                                | -  | -                                    | 71,638                                    | 8,216                        | -                     | 92,297                              |
| Fines and forfeits  | -                                 | -  | -                                    | -   | -                            | -                     | -                                   |
| Other   | -                                 | -  | -                                    | -   | -                            | -                     | -                                   |
| <b>Total receipts</b>   | <b>50</b>                         | <b>-</b>                                   | <b>-</b>                             | <b>71,638</b>                             | <b>8,216</b>                 | <b>10,000</b>         | <b>92,297</b>                       |
| <b>Disbursements:</b>   |                                   |  |                                      |   |                              |                       |                                     |
| General government  | -                                 | -  | -                                    | -   | -                            | -                     | -                                   |
| Public safety   | -                                 | -  | -                                    | -   | 10,000                       | -                     | 85,677                              |
| Highways and streets  | -                                 | -  | -                                    | -   | -                            | -                     | -                                   |
| Health and welfare  | -                                 | -  | -                                    | -   | -                            | 9,999                 | -                                   |
| Culture and recreation  | -                                 | -  | -                                    | -   | -                            | -                     | -                                   |
| Debt service:   |                                   |  |                                      |   |                              |                       |                                     |
| Principal   | -                                 | -  | -                                    | -   | -                            | -                     | -                                   |
| Interest  | -                                 | -  | -                                    | -   | -                            | -                     | -                                   |
| Capital outlay:   |                                   |  |                                      |   |                              |                       |                                     |
| Highways and streets  | -                                 | -  | -                                    | -   | -                            | -                     | -                                   |
| Special assessments   | -                                 | -  | -                                    | -   | -                            | -                     | -                                   |
| <b>Total disbursements</b>                                    | <b>-</b>                          | <b>-</b>                                   | <b>-</b>                             | <b>-</b>                                  | <b>10,000</b>                | <b>9,999</b>          | <b>85,677</b>                       |
| Excess (deficiency) of receipts<br>over (under) disbursements | 50                                | -  | -                                    | 71,638                                    | (1,784)                      | 1                     | 6,620                               |
| Cash and investment fund balance - beginning                  | 125                               | 420  | 188                                  | 47,023                                    | 6,602                        | -                     | -                                   |
| Cash and investment fund balance - ending                     | <u>\$ 175</u>                     | <u>\$ 420</u>                              | <u>\$ 188</u>                        | <u>\$ 118,661</u>                         | <u>\$ 4,818</u>              | <u>\$ 1</u>           | <u>\$ 6,620</u>                     |
| <b>Cash and Investment Assets - December 31</b>               |                                   |  |                                      |   |                              |                       |                                     |
| Total cash and investment assets - December 31                | <u>\$ 175</u>                     | <u>\$ 420</u>                              | <u>\$ 188</u>                        | <u>\$ 118,661</u>                         | <u>\$ 4,818</u>              | <u>\$ 1</u>           | <u>\$ 6,620</u>                     |
| <b>Cash and Investment Fund Balance - December 31</b>         |                                   |  |                                      |   |                              |                       |                                     |
| Restricted for:   |                                   |  |                                      |   |                              |                       |                                     |
| Debt service  | \$ -                              | \$ -                                       | \$ -                                 | \$ -                                      | \$ -                         | \$ -                  | \$ -                                |
| Unrestricted  | 175                               | 420  | 188                                  | 118,661                                   | 4,818                        | 1                     | 6,620                               |
| Total cash and investment fund balance - December 31          | <u>\$ 175</u>                     | <u>\$ 420</u>                              | <u>\$ 188</u>                        | <u>\$ 118,661</u>                         | <u>\$ 4,818</u>              | <u>\$ 1</u>           | <u>\$ 6,620</u>                     |

HOWARD 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)

|   | Drug Task<br>Force | Sheriff's Work<br>Program | Commissary<br>Kinsey<br>Center | Coroner's<br>Training<br>and Continuing<br>Education | Clerk's<br>Title IV D | Concession<br>Fund | Step Ahead<br>Discretionary<br>Fund |
|---|--------------------|---------------------------|--------------------------------|--|-----------------------|--------------------|-------------------------------------|
| <b>Receipts:</b>  |                    |                           |                                |  |                       |                    |                                     |
| Taxes   | \$ -               | \$ -                      | \$ -                           | \$ -   | \$ -                  | \$ -               | \$ -                                |
| Special assessments   | -                  | -                         | -                              | -  | -                     | -                  | -                                   |
| Intergovernmental   | 129,096            | -                         | -                              | -  | -                     | -                  | -                                   |
| Charges for services  | -                  | 7,148                     | 2,317                          | -  | -                     | -                  | -                                   |
| Fines and forfeits  | -                  | -                         | -                              | 6,080  | -                     | -                  | -                                   |
| Other   | -                  | -                         | -                              | -  | 54,461                | -                  | -                                   |
| <b>Total receipts</b>   | <b>129,096</b>     | <b>7,148</b>              | <b>2,317</b>                   | <b>6,080</b>   | <b>54,461</b>         | <b>-</b>           | <b>-</b>                            |
| <b>Disbursements:</b>   |                    |                           |                                |  |                       |                    |                                     |
| General government  | -                  | 4,841                     | 1,963                          | 6,525  | 8,014                 | -                  | -                                   |
| Public safety   | 205,193            | -                         | -                              | -  | -                     | -                  | 24                                  |
| Highways and streets  | -                  | -                         | -                              | -  | -                     | -                  | -                                   |
| Health and welfare  | -                  | -                         | -                              | -  | -                     | -                  | -                                   |
| Culture and recreation  | -                  | -                         | -                              | -  | -                     | -                  | -                                   |
| Debt service:   |                    |                           |                                |  |                       |                    |                                     |
| Principal   | -                  | -                         | -                              | -  | -                     | -                  | -                                   |
| Interest  | -                  | -                         | -                              | -  | -                     | -                  | -                                   |
| Capital outlay:   |                    |                           |                                |  |                       |                    |                                     |
| Highways and streets  | -                  | -                         | -                              | -  | -                     | -                  | -                                   |
| Special assessments   | -                  | -                         | -                              | -  | -                     | -                  | -                                   |
| <b>Total disbursements</b>                                    | <b>205,193</b>     | <b>4,841</b>              | <b>1,963</b>                   | <b>6,525</b>   | <b>8,014</b>          | <b>-</b>           | <b>24</b>                           |
| Excess (deficiency) of receipts<br>over (under) disbursements | (76,097)           | 2,307                     | 354                            | (445)  | 46,447                | -                  | (24)                                |
| Cash and investment fund balance - beginning                  | 9,007              | 2,254                     | 874                            | 1,048  | 5,199                 | 2,774              | 1,392                               |
| Cash and investment fund balance - ending                     | \$ (67,090)        | \$ 4,561                  | \$ 1,228                       | \$ 603   | \$ 51,646             | \$ 2,774           | \$ 1,368                            |
| <b>Cash and Investment Assets - December 31</b>               |                    |                           |                                |  |                       |                    |                                     |
| Total cash and investment assets - December 31                | \$ (67,090)        | \$ 4,561                  | \$ 1,228                       | \$ 603   | \$ 51,646             | \$ 2,774           | \$ 1,368                            |
| <b>Cash and Investment Fund Balance - December 31</b>         |                    |                           |                                |  |                       |                    |                                     |
| Restricted for:   |                    |                           |                                |  |                       |                    |                                     |
| Debt service  | \$ -               | \$ -                      | \$ -                           | \$ -   | \$ -                  | \$ -               | \$ -                                |
| Unrestricted  | (67,090)           | 4,561                     | 1,228                          | 603  | 51,646                | 2,774              | 1,368                               |
| <b>Total cash and investment fund balance - December 31</b>   | <b>\$ (67,090)</b> | <b>\$ 4,561</b>           | <b>\$ 1,228</b>                | <b>\$ 603</b>  | <b>\$ 51,646</b>      | <b>\$ 2,774</b>    | <b>\$ 1,368</b>                     |

HOWARD 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)

|   | Impaired and<br>Dangerous<br>Driving | Misdemeanant<br>Grant | Heritage Museum<br>and Convention<br>Center | Mosquito<br>Control<br>Grant | Prosecutor's<br>Title IV D | Drug Free<br>Community | Youth Service<br>Medical |
|---|--------------------------------------|-----------------------|---|------------------------------|----------------------------|------------------------|--------------------------|
| Receipts:   |                                      |                       |   |                              |                            |                        |                          |
| Taxes   | \$ -                                 | \$ -                  | \$ -  | \$ -                         | \$ -                       | \$ -                   | \$ -                     |
| Special assessments   | -                                    | -                     | -   | -                            | -                          | -                      | -                        |
| Intergovernmental   | 22,772                               | -                     | -   | 4,010                        | -                          | -                      | -                        |
| Charges for services  | -                                    | -                     | -   | -                            | -                          | -                      | 131                      |
| Fines and forfeits  | -                                    | -                     | -   | -                            | -                          | 62,869                 | -                        |
| Other   | -                                    | 73,734                | 185,456                                     | -                            | 52,942                     | -                      | -                        |
| <b>Total receipts</b>   | <b>22,772</b>                        | <b>73,734</b>         | <b>185,456</b>                              | <b>4,010</b>                 | <b>52,942</b>              | <b>62,869</b>          | <b>131</b>               |
| Disbursements:  |                                      |                       |   |                              |                            |                        |                          |
| General government  | -                                    | -                     | -   | -                            | 19,891                     | -                      | -                        |
| Public safety   | 18,396                               | 75,120                | -   | 2,565                        | -                          | 56,768                 | -                        |
| Highways and streets  | -                                    | -                     | -   | -                            | -                          | -                      | -                        |
| Health and welfare  | -                                    | -                     | -   | -                            | -                          | -                      | 156                      |
| Culture and recreation  | -                                    | -                     | 137,782                                     | -                            | -                          | -                      | -                        |
| Debt service:   |                                      |                       |   |                              |                            |                        |                          |
| Principal   | -                                    | -                     | -   | -                            | -                          | -                      | -                        |
| Interest  | -                                    | -                     | -   | -                            | -                          | -                      | -                        |
| Capital outlay:   |                                      |                       |   |                              |                            |                        |                          |
| Highways and streets  | -                                    | -                     | -   | -                            | -                          | -                      | -                        |
| Special assessments   | -                                    | -                     | -   | -                            | -                          | -                      | -                        |
| <b>Total disbursements</b>                                    | <b>18,396</b>                        | <b>75,120</b>         | <b>137,782</b>                              | <b>2,565</b>                 | <b>19,891</b>              | <b>56,768</b>          | <b>156</b>               |
| Excess (deficiency) of receipts<br>over (under) disbursements | 4,376                                | (1,386)               | 47,674                                      | 1,445                        | 33,051                     | 6,101                  | (25)                     |
| Cash and investment fund balance - beginning                  | 383                                  | 76,152                | 268,984                                     | (1,445)                      | 22,816                     | 97,522                 | 84                       |
| Cash and investment fund balance - ending                     | \$ 4,759                             | \$ 74,766             | \$ 316,658                                  | \$ -                         | \$ 55,867                  | \$ 103,623             | \$ 59                    |
| <b>Cash and Investment Assets - December 31</b>               |                                      |                       |   |                              |                            |                        |                          |
| Total cash and investment assets - December 31                | \$ 4,759                             | \$ 74,766             | \$ 316,658                                  | \$ -                         | \$ 55,867                  | \$ 103,623             | \$ 59                    |
| <b>Cash and Investment Fund Balance - December 31</b>         |                                      |                       |   |                              |                            |                        |                          |
| Restricted for:   |                                      |                       |   |                              |                            |                        |                          |
| Debt service  | \$ -                                 | \$ -                  | \$ -  | \$ -                         | \$ -                       | \$ -                   | \$ -                     |
| Unrestricted  | 4,759                                | 74,766                | 316,658                                     | -                            | 55,867                     | 103,623                | 59                       |
| <b>Total cash and investment fund balance - December 31</b>   | <b>\$ 4,759</b>                      | <b>\$ 74,766</b>      | <b>\$ 316,658</b>                           | <b>\$ -</b>                  | <b>\$ 55,867</b>           | <b>\$ 103,623</b>      | <b>\$ 59</b>             |

HOWARD 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)

|   | Kinsey<br>Center Food<br>Service | Appointed<br>Special<br>Advocate | Auditor's<br>Plat<br>Books | Emergency<br>Planning<br>Right to Know | Drainage<br>Maintenance | Health<br>Maintenance | Pre-Trail<br>Diversion |
|---|----------------------------------|----------------------------------|----------------------------|--|-------------------------|-----------------------|------------------------|
| Receipts:   |                                  |                                  |                            |  |                         |                       |                        |
| Taxes   | \$ -                             | \$ -                             | \$ -                       | \$ -                                   | \$ -                    | \$ -                  | \$ -                   |
| Special assessments   | -                                | -                                | -                          | -                                      | 264,891                 | -                     | -                      |
| Intergovernmental   | 40,345                           | -                                | -                          | -                                      | -                       | 39,437                | -                      |
| Charges for services  | -                                | -                                | 20,631                     | -                                      | -                       | -                     | -                      |
| Fines and forfeits  | -                                | 81,907                           | -                          | -                                      | -                       | -                     | 172,754                |
| Other   | -                                | -                                | -                          | -                                      | -                       | -                     | -                      |
| Total receipts  | <u>40,345</u>                    | <u>81,907</u>                    | <u>20,631</u>              | <u>-</u>                               | <u>264,891</u>          | <u>39,437</u>         | <u>172,754</u>         |
| Disbursements:  |                                  |                                  |                            |  |                         |                       |                        |
| General government  | -                                | -                                | 3,398                      | 2,939                                  | 287,736                 | -                     | -                      |
| Public safety   | 43,181                           | 86,474                           | -                          | -                                      | -                       | -                     | 97,668                 |
| Highways and streets  | -                                | -                                | -                          | -                                      | -                       | -                     | -                      |
| Health and welfare  | -                                | -                                | -                          | -                                      | -                       | 27,472                | -                      |
| Culture and recreation  | -                                | -                                | -                          | -                                      | -                       | -                     | -                      |
| Debt service:   |                                  |                                  |                            |  |                         |                       |                        |
| Principal   | -                                | -                                | -                          | -                                      | -                       | -                     | -                      |
| Interest  | -                                | -                                | -                          | -                                      | -                       | -                     | -                      |
| Capital outlay:   |                                  |                                  |                            |  |                         |                       |                        |
| Highways and streets  | -                                | -                                | -                          | -                                      | -                       | -                     | -                      |
| Special assessments   | -                                | -                                | -                          | -                                      | -                       | -                     | -                      |
| Total disbursements   | <u>43,181</u>                    | <u>86,474</u>                    | <u>3,398</u>               | <u>2,939</u>                           | <u>287,736</u>          | <u>27,472</u>         | <u>97,668</u>          |
| Excess (deficiency) of receipts<br>over (under) disbursements | <u>(2,836)</u>                   | <u>(4,567)</u>                   | <u>17,233</u>              | <u>(2,939)</u>                         | <u>(22,845)</u>         | <u>11,965</u>         | <u>75,086</u>          |
| Cash and investment fund balance - beginning                  | <u>8,680</u>                     | <u>21,969</u>                    | <u>35,292</u>              | <u>6,446</u>                           | <u>1,385,743</u>        | <u>4,605</u>          | <u>64,580</u>          |
| Cash and investment fund balance - ending                     | <u>\$ 5,844</u>                  | <u>\$ 17,402</u>                 | <u>\$ 52,525</u>           | <u>\$ 3,507</u>                        | <u>\$ 1,362,898</u>     | <u>\$ 16,570</u>      | <u>\$ 139,666</u>      |
| <u>Cash and Investment Assets - December 31</u>               |                                  |                                  |                            |  |                         |                       |                        |
| Total cash and investment assets - December 31                | <u>\$ 5,844</u>                  | <u>\$ 17,402</u>                 | <u>\$ 52,525</u>           | <u>\$ 3,507</u>                        | <u>\$ 1,362,898</u>     | <u>\$ 16,570</u>      | <u>\$ 139,666</u>      |
| <u>Cash and Investment Fund Balance - December 31</u>         |                                  |                                  |                            |  |                         |                       |                        |
| Restricted for:   |                                  |                                  |                            |  |                         |                       |                        |
| Debt service  | \$ -                             | \$ -                             | \$ -                       | \$ -                                   | \$ -                    | \$ -                  | \$ -                   |
| Unrestricted  | <u>5,844</u>                     | <u>17,402</u>                    | <u>52,525</u>              | <u>3,507</u>                           | <u>1,362,898</u>        | <u>16,570</u>         | <u>139,666</u>         |
| Total cash and investment fund balance - December 31          | <u>\$ 5,844</u>                  | <u>\$ 17,402</u>                 | <u>\$ 52,525</u>           | <u>\$ 3,507</u>                        | <u>\$ 1,362,898</u>     | <u>\$ 16,570</u>      | <u>\$ 139,666</u>      |

HOWARD 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 Law<br>Enforcement | General<br>Donations | Medical Care<br>Inmate<br>Reimbursement | Stop<br>Domestic<br>Violence Grant | Shocap<br>Tracker | Law<br>Enforcement<br>Prevention<br>Program | Kinsey<br>Center<br>Restitution |
|---|---------------------------|----------------------|---|------------------------------------|-------------------|---|---------------------------------|
| Receipts:   |                           |                      |   |                                    |                   |   |                                 |
| Taxes   | \$ -                      | \$ -                 | \$ -                                    | \$ -                               | \$ -              | \$ -  | \$ -                            |
| Special assessments   | -                         | -                    | -                                       | -                                  | -                 | -   | -                               |
| Intergovernmental   | -                         | -                    | -                                       | 59,554                             | -                 | 17,994                                      | -                               |
| Charges for services  | -                         | -                    | 7,725                                   | -                                  | -                 | -   | -                               |
| Fines and forfeits  | 59,507                    | -                    | -                                       | -                                  | -                 | -   | 7,519                           |
| Other   | -                         | -                    | -                                       | -                                  | -                 | -   | -                               |
| Total receipts  | <u>59,507</u>             | <u>-</u>             | <u>7,725</u>                            | <u>59,554</u>                      | <u>-</u>          | <u>17,994</u>                               | <u>7,519</u>                    |
| Disbursements:  |                           |                      |   |                                    |                   |   |                                 |
| General government  | -                         | 354                  | -                                       | -                                  | -                 | -   | -                               |
| Public safety   | 22,728                    | -                    | -                                       | 90,009                             | 7,900             | 51,929                                      | 5,305                           |
| Highways and streets  | -                         | -                    | -                                       | -                                  | -                 | -   | -                               |
| Health and welfare  | -                         | -                    | -                                       | -                                  | -                 | -   | -                               |
| Culture and recreation  | -                         | -                    | -                                       | -                                  | -                 | -   | -                               |
| Debt service:   |                           |                      |   |                                    |                   |   |                                 |
| Principal   | -                         | -                    | -                                       | -                                  | -                 | -   | -                               |
| Interest  | -                         | -                    | -                                       | -                                  | -                 | -   | -                               |
| Capital outlay:   |                           |                      |   |                                    |                   |   |                                 |
| Highways and streets  | -                         | -                    | -                                       | -                                  | -                 | -   | -                               |
| Special assessments   | -                         | -                    | -                                       | -                                  | -                 | -   | -                               |
| Total disbursements   | <u>22,728</u>             | <u>354</u>           | <u>-</u>                                | <u>90,009</u>                      | <u>7,900</u>      | <u>51,929</u>                               | <u>5,305</u>                    |
| Excess (deficiency) of receipts<br>over (under) disbursements | <u>36,779</u>             | <u>(354)</u>         | <u>7,725</u>                            | <u>(30,455)</u>                    | <u>(7,900)</u>    | <u>(33,935)</u>                             | <u>2,214</u>                    |
| Cash and investment fund balance - beginning                  | <u>23,812</u>             | <u>689</u>           | <u>3,827</u>                            | <u>10,291</u>                      | <u>7,900</u>      | <u>33,935</u>                               | <u>28,381</u>                   |
| Cash and investment fund balance - ending                     | <u>\$ 60,591</u>          | <u>\$ 335</u>        | <u>\$ 11,552</u>                        | <u>\$ (20,164)</u>                 | <u>\$ -</u>       | <u>\$ -</u>                                 | <u>\$ 30,595</u>                |
| <u>Cash and Investment Assets - December 31</u>               |                           |                      |   |                                    |                   |   |                                 |
| Total cash and investment assets - December 31                | <u>\$ 60,591</u>          | <u>\$ 335</u>        | <u>\$ 11,552</u>                        | <u>\$ (20,164)</u>                 | <u>\$ -</u>       | <u>\$ -</u>                                 | <u>\$ 30,595</u>                |
| <u>Cash and Investment Fund Balance - December 31</u>         |                           |                      |   |                                    |                   |   |                                 |
| Restricted for:   |                           |                      |   |                                    |                   |   |                                 |
| Debt service  | \$ -                      | \$ -                 | \$ -                                    | \$ -                               | \$ -              | \$ -  | \$ -                            |
| Unrestricted  | <u>60,591</u>             | <u>335</u>           | <u>11,552</u>                           | <u>(20,164)</u>                    | <u>-</u>          | <u>-</u>                                    | <u>30,595</u>                   |
| Total cash and investment fund balance - December 31          | <u>\$ 60,591</u>          | <u>\$ 335</u>        | <u>\$ 11,552</u>                        | <u>\$ (20,164)</u>                 | <u>\$ -</u>       | <u>\$ -</u>                                 | <u>\$ 30,595</u>                |

HOWARD 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<br>Electronic<br>Data File | Project<br>Income<br>Juvenile | Highway<br>Safety<br>DUI<br>Taskforce | Clerk's<br>Document<br>Storage Fees | Seat Belt<br>Enforcement | Alternative<br>School<br>Program | Bioterrorism<br>Grant |
|---|-----------------------------------|-------------------------------|---------------------------------------|-------------------------------------|--------------------------|----------------------------------|-----------------------|
| Receipts:   |                                   |                               |                                       |                                     |                          |                                  |                       |
| Taxes   | \$ -                              | \$ -                          | \$ -                                  | \$ -                                | \$ -                     | \$ -                             | \$ -                  |
| Special assessments   | -                                 | -                             | -                                     | -                                   | -                        | -                                | -                     |
| Intergovernmental   | -                                 | -                             | 25,385                                | -                                   | 2,209                    | -                                | 749                   |
| Charges for services  | 1,374                             | -                             | -                                     | 23,004                              | -                        | -                                | -                     |
| Fines and forfeits  | -                                 | -                             | -                                     | -                                   | -                        | -                                | -                     |
| Other   | -                                 | 327,869                       | -                                     | -                                   | -                        | -                                | -                     |
| Total receipts  | 1,374                             | 327,869                       | 25,385                                | 23,004                              | 2,209                    | -                                | 749                   |
| Disbursements:  |                                   |                               |                                       |                                     |                          |                                  |                       |
| General government  | 1,051                             | -                             | -                                     | 11,960                              | -                        | 6,897                            | -                     |
| Public safety   | -                                 | 307,645                       | 24,092                                | -                                   | 2,278                    | -                                | 7,117                 |
| Highways and streets  | -                                 | -                             | -                                     | -                                   | -                        | -                                | -                     |
| Health and welfare  | -                                 | -                             | -                                     | -                                   | -                        | -                                | -                     |
| Culture and recreation  | -                                 | -                             | -                                     | -                                   | -                        | -                                | -                     |
| Debt service:   |                                   |                               |                                       |                                     |                          |                                  |                       |
| Principal   | -                                 | -                             | -                                     | -                                   | -                        | -                                | -                     |
| Interest  | -                                 | -                             | -                                     | -                                   | -                        | -                                | -                     |
| Capital outlay:   |                                   |                               |                                       |                                     |                          |                                  |                       |
| Highways and streets  | -                                 | -                             | -                                     | -                                   | -                        | -                                | -                     |
| Special assessments   | -                                 | -                             | -                                     | -                                   | -                        | -                                | -                     |
| Total disbursements   | 1,051                             | 307,645                       | 24,092                                | 11,960                              | 2,278                    | 6,897                            | 7,117                 |
| Excess (deficiency) of receipts<br>over (under) disbursements | 323                               | 20,224                        | 1,293                                 | 11,044                              | (69)                     | (6,897)                          | (6,368)               |
| Cash and investment fund balance - beginning                  | 4,164                             | 530,907                       | 2,501                                 | 26,320                              | 69                       | 6,897                            | 22,779                |
| Cash and investment fund balance - ending                     | \$ 4,487                          | \$ 551,131                    | \$ 3,794                              | \$ 37,364                           | \$ -                     | \$ -                             | \$ 16,411             |
| <u>Cash and Investment Assets - December 31</u>               |                                   |                               |                                       |                                     |                          |                                  |                       |
| Total cash and investment assets - December 31                | \$ 4,487                          | \$ 551,131                    | \$ 3,794                              | \$ 37,364                           | \$ -                     | \$ -                             | \$ 16,411             |
| <u>Cash and Investment Fund Balance - December 31</u>         |                                   |                               |                                       |                                     |                          |                                  |                       |
| Restricted for:   |                                   |                               |                                       |                                     |                          |                                  |                       |
| Debt service  | \$ -                              | \$ -                          | \$ -                                  | \$ -                                | \$ -                     | \$ -                             | \$ -                  |
| Unrestricted  | 4,487                             | 551,131                       | 3,794                                 | 37,364                              | -                        | -                                | 16,411                |
| Total cash and investment fund balance - December 31          | \$ 4,487                          | \$ 551,131                    | \$ 3,794                              | \$ 37,364                           | \$ -                     | \$ -                             | \$ 16,411             |

HOWARD 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)

|   | Children<br>Psychiatric<br>Residential | Community<br>Corrections<br>Home<br>Detention | Community<br>Corrections<br>Per Diem | Flood<br>Mitigation | Homeland<br>Security<br>Commutations<br>Upgrade | Home Land<br>Air Respirators | Home Land<br>Communication<br>Equipment |
|---|--|---|--------------------------------------|---------------------|---|------------------------------|---|
| Receipts:   |  |   |                                      |                     |   |                              |   |
| Taxes   | \$ 280,380                             | \$ -  | \$ -                                 | \$ -                | \$ -  | \$ -                         | \$ -                                    |
| Special assessments   | -                                      | -   | -                                    | -                   | -   | -                            | -                                       |
| Intergovernmental   | -                                      | 211,522                                       | 67,873                               | 2,600               | 272,936   | -                            | -                                       |
| Charges for services  | -                                      | -   | -                                    | -                   | -   | -                            | -                                       |
| Fines and forfeits  | -                                      | -   | -                                    | -                   | -   | -                            | -                                       |
| Other   | -                                      | -   | -                                    | -                   | -   | -                            | -                                       |
| Total receipts  | <u>280,380</u>                         | <u>211,522</u>                                | <u>67,873</u>                        | <u>2,600</u>        | <u>272,936</u>                                  | <u>-</u>                     | <u>-</u>                                |
| Disbursements:  |  |   |                                      |                     |   |                              |   |
| General government  | -                                      | -   | 60,347                               | 143,062             | 592,557   | -                            | -                                       |
| Public safety   | -                                      | 217,861                                       | -                                    | -                   | -   | 1                            | 30,550                                  |
| Highways and streets  | -                                      | -   | -                                    | -                   | -   | -                            | -                                       |
| Health and welfare  | 297,808                                | -   | -                                    | -                   | -   | -                            | -                                       |
| Culture and recreation  | -                                      | -   | -                                    | -                   | -   | -                            | -                                       |
| Debt service:   |  |   |                                      |                     |   |                              |   |
| Principal   | -                                      | -   | -                                    | -                   | -   | -                            | -                                       |
| Interest  | -                                      | -   | -                                    | -                   | -   | -                            | -                                       |
| Capital outlay:   |  |   |                                      |                     |   |                              |   |
| Highways and streets  | -                                      | -   | -                                    | -                   | -   | -                            | -                                       |
| Special assessments   | -                                      | -   | -                                    | -                   | -   | -                            | -                                       |
| Total disbursements   | <u>297,808</u>                         | <u>217,861</u>                                | <u>60,347</u>                        | <u>143,062</u>      | <u>592,557</u>                                  | <u>1</u>                     | <u>30,550</u>                           |
| Excess (deficiency) of receipts<br>over (under) disbursements | <u>(17,428)</u>                        | <u>(6,339)</u>                                | <u>7,526</u>                         | <u>(140,462)</u>    | <u>(319,621)</u>                                | <u>(1)</u>                   | <u>(30,550)</u>                         |
| Cash and investment fund balance - beginning                  | <u>259,358</u>                         | <u>10,437</u>                                 | <u>63,204</u>                        | <u>233,980</u>      | <u>319,621</u>                                  | <u>1</u>                     | <u>30,550</u>                           |
| Cash and investment fund balance - ending                     | <u>\$ 241,930</u>                      | <u>\$ 4,098</u>                               | <u>\$ 70,730</u>                     | <u>\$ 93,518</u>    | <u>\$ -</u>                                     | <u>\$ -</u>                  | <u>\$ -</u>                             |
| <u>Cash and Investment Assets - December 31</u>               |  |   |                                      |                     |   |                              |   |
| Total cash and investment assets - December 31                | <u>\$ 241,930</u>                      | <u>\$ 4,098</u>                               | <u>\$ 70,730</u>                     | <u>\$ 93,518</u>    | <u>\$ -</u>                                     | <u>\$ -</u>                  | <u>\$ -</u>                             |
| <u>Cash and Investment Fund Balance - December 31</u>         |  |   |                                      |                     |   |                              |   |
| Restricted for:   |  |   |                                      |                     |   |                              |   |
| Debt service  | \$ -                                   | \$ -  | \$ -                                 | \$ -                | \$ -  | \$ -                         | \$ -                                    |
| Unrestricted  | <u>241,930</u>                         | <u>4,098</u>                                  | <u>70,730</u>                        | <u>93,518</u>       | <u>-</u>  | <u>-</u>                     | <u>-</u>                                |
| Total cash and investment fund balance - December 31          | <u>\$ 241,930</u>                      | <u>\$ 4,098</u>                               | <u>\$ 70,730</u>                     | <u>\$ 93,518</u>    | <u>\$ -</u>                                     | <u>\$ -</u>                  | <u>\$ -</u>                             |

HOWARD 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)

|   | Howard<br>Haven<br>Donations | Juvenile Drug<br>Court Grant | Juvenile<br>Account<br>Incentive<br>Block Grant | Local Law<br>Enforcement<br>Block Grant | Master<br>Tobacco<br>Settlement | Domestic<br>Preparation<br>Grant | Rainy<br>Day Fund |
|---|------------------------------|------------------------------|---|---|---------------------------------|----------------------------------|-------------------|
| <b>Receipts:</b>  |                              |                              |   |   |                                 |                                  |                   |
| Taxes   | \$ -                         | \$ -                         | \$ -  | \$ -                                    | \$ -                            | \$ -                             | \$ -              |
| Special assessments   | -                            | -                            | -   | -                                       | -                               | -                                | -                 |
| Intergovernmental   | -                            | -                            | -   | 685                                     | 36,067                          | -                                | -                 |
| Charges for services  | -                            | -                            | -   | -                                       | -                               | -                                | -                 |
| Fines and forfeits  | -                            | -                            | -   | -                                       | -                               | -                                | -                 |
| Other   | 3,275                        | -                            | 211   | -                                       | -                               | -                                | -                 |
| <b>Total receipts</b>   | <b>3,275</b>                 | <b>-</b>                     | <b>211</b>                                      | <b>685</b>                              | <b>36,067</b>                   | <b>-</b>                         | <b>-</b>          |
| <b>Disbursements:</b>   |                              |                              |   |   |                                 |                                  |                   |
| General government  | 3,295                        | -                            | -   | -                                       | -                               | -                                | -                 |
| Public safety   | -                            | -                            | 38,423  | 6,810                                   | -                               | 6,911                            | -                 |
| Highways and streets  | -                            | -                            | -   | -                                       | -                               | -                                | -                 |
| Health and welfare  | -                            | -                            | -   | -                                       | 73,500                          | -                                | -                 |
| Culture and recreation  | -                            | -                            | -   | -                                       | -                               | -                                | -                 |
| Debt service:   |                              |                              |   |   |                                 |                                  |                   |
| Principal   | -                            | -                            | -   | -                                       | -                               | -                                | -                 |
| Interest  | -                            | -                            | -   | -                                       | -                               | -                                | -                 |
| Capital outlay:   |                              |                              |   |   |                                 |                                  |                   |
| Highways and streets  | -                            | -                            | -   | -                                       | -                               | -                                | -                 |
| Special assessments   | -                            | -                            | -   | -                                       | -                               | -                                | -                 |
| <b>Total disbursements</b>                                    | <b>3,295</b>                 | <b>-</b>                     | <b>38,423</b>                                   | <b>6,810</b>                            | <b>73,500</b>                   | <b>6,911</b>                     | <b>-</b>          |
| Excess (deficiency) of receipts<br>over (under) disbursements | (20)                         | -                            | (38,212)  | (6,125)                                 | (37,433)                        | (6,911)                          | -                 |
| Cash and investment fund balance - beginning                  | 20                           | 471                          | 41,180  | 6,166                                   | 77,749                          | 6,911                            | 572,903           |
| Cash and investment fund balance - ending                     | \$ -                         | \$ 471                       | \$ 2,968  | \$ 41                                   | \$ 40,316                       | \$ -                             | \$ 572,903        |
| <b>Cash and Investment Assets - December 31</b>               |                              |                              |   |   |                                 |                                  |                   |
| Total cash and investment assets - December 31                | \$ -                         | \$ 471                       | \$ 2,968  | \$ 41                                   | \$ 40,316                       | \$ -                             | \$ 572,903        |
| <b>Cash and Investment Fund Balance - December 31</b>         |                              |                              |   |   |                                 |                                  |                   |
| Restricted for:   |                              |                              |   |   |                                 |                                  |                   |
| Debt service  | \$ -                         | \$ -                         | \$ -  | \$ -                                    | \$ -                            | \$ -                             | \$ -              |
| Unrestricted  | -                            | 471                          | 2,968   | 41                                      | 40,316                          | -                                | 572,903           |
| <b>Total cash and investment fund balance - December 31</b>   | <b>\$ -</b>                  | <b>\$ 471</b>                | <b>\$ 2,968</b>                                 | <b>\$ 41</b>                            | <b>\$ 40,316</b>                | <b>\$ -</b>                      | <b>\$ 572,903</b> |

HOWARD 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)

|   | Shocap<br>Tracker<br>04/05 | Tobacco<br>Settlement | Supplemental<br>Public<br>Defender<br>Service | Wal-Mart<br>Foundation<br>Grant | Clerk's<br>Bond<br>Forfeitures | BIO Public<br>Health<br>Coordination<br>Grant | Emergency<br>Gas<br>Award |
|---|----------------------------|-----------------------|---|---------------------------------|--------------------------------|---|---------------------------|
| Receipts:   |                            |                       |   |                                 |                                |   |                           |
| Taxes   | \$ -                       | \$ -                  | \$ -  | \$ -                            | \$ -                           | \$ -  | \$ -                      |
| Special assessments   | -                          | -                     | -   | -                               | -                              | -   | -                         |
| Intergovernmental   | 32,068                     | 24                    | -   | -                               | -                              | 55,380  | 4,375                     |
| Charges for services  | -                          | -                     | 55,999  | -                               | -                              | -   | -                         |
| Fines and forfeits  | -                          | -                     | -   | -                               | 106,645                        | -   | -                         |
| Other   | -                          | -                     | -   | -                               | -                              | -   | -                         |
| <b>Total receipts</b>   | <b>32,068</b>              | <b>24</b>             | <b>55,999</b>                                 | <b>-</b>                        | <b>106,645</b>                 | <b>55,380</b>                                 | <b>4,375</b>              |
| Disbursements:  |                            |                       |   |                                 |                                |   |                           |
| General government  | -                          | -                     | -   | -                               | -                              | -   | -                         |
| Public safety   | 36,833                     | -                     | 31,678  | 308                             | -                              | -   | 4,375                     |
| Highways and streets  | -                          | -                     | -   | -                               | -                              | -   | -                         |
| Health and welfare  | -                          | 14,274                | -   | -                               | -                              | 63,636  | -                         |
| Culture and recreation  | -                          | -                     | -   | -                               | -                              | -   | -                         |
| Debt service:   |                            |                       |   |                                 |                                |   |                           |
| Principal   | -                          | -                     | -   | -                               | -                              | -   | -                         |
| Interest  | -                          | -                     | -   | -                               | -                              | -   | -                         |
| Capital outlay:   |                            |                       |   |                                 |                                |   |                           |
| Highways and streets  | -                          | -                     | -   | -                               | -                              | -   | -                         |
| Special assessments   | -                          | -                     | -   | -                               | -                              | -   | -                         |
| <b>Total disbursements</b>                                    | <b>36,833</b>              | <b>14,274</b>         | <b>31,678</b>                                 | <b>308</b>                      | <b>-</b>                       | <b>63,636</b>                                 | <b>4,375</b>              |
| Excess (deficiency) of receipts<br>over (under) disbursements | (4,765)                    | (14,250)              | 24,321  | (308)                           | 106,645                        | (8,256)                                       | -                         |
| Cash and investment fund balance - beginning                  | 8,151                      | 64,335                | 87,754  | 380                             | -                              | -   | -                         |
| Cash and investment fund balance - ending                     | \$ 3,386                   | \$ 50,085             | \$ 112,075                                    | \$ 72                           | \$ 106,645                     | \$ (8,256)                                    | \$ -                      |
| <b>Cash and Investment Assets - December 31</b>               |                            |                       |   |                                 |                                |   |                           |
| Total cash and investment assets - December 31                | \$ 3,386                   | \$ 50,085             | \$ 112,075                                    | \$ 72                           | \$ 106,645                     | \$ (8,256)                                    | \$ -                      |
| <b>Cash and Investment Fund Balance - December 31</b>         |                            |                       |   |                                 |                                |   |                           |
| Restricted for:   |                            |                       |   |                                 |                                |   |                           |
| Debt service  | \$ -                       | \$ -                  | \$ -  | \$ -                            | \$ -                           | \$ -  | \$ -                      |
| Unrestricted  | 3,386                      | 50,085                | 112,075                                       | 72                              | 106,645                        | (8,256)                                       | -                         |
| Total cash and investment fund balance - December 31          | \$ 3,386                   | \$ 50,085             | \$ 112,075                                    | \$ 72                           | \$ 106,645                     | \$ (8,256)                                    | \$ -                      |

HOWARD 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)

|   | Multi Hazard<br>Mitigation | Shocap<br>Tracker<br>05/06 | Homeland<br>Security<br>Fingerprint | Flood<br>Mitigation<br>Assistance<br>Grant | Building Bond<br>Redemption | Jail Lease<br>Rental |
|---|----------------------------|----------------------------|-------------------------------------|--|-----------------------------|----------------------|
| Receipts:   |                            |                            |                                     |  |                             |                      |
| Taxes   | \$ -                       | \$ -                       | \$ -                                | \$ -                                       | \$ -                        | \$ 1,701,285         |
| Special assessments   | -                          | -                          | -                                   | -  | -                           | -                    |
| Intergovernmental   | 36,500                     | 42,179                     | 34,483                              | 103,930                                    | -                           | -                    |
| Charges for services  | -                          | -                          | -                                   | -  | -                           | -                    |
| Fines and forfeits  | -                          | -                          | -                                   | -  | -                           | -                    |
| Other   | -                          | -                          | -                                   | -  | -                           | -                    |
| Total receipts  | <u>36,500</u>              | <u>42,179</u>              | <u>34,483</u>                       | <u>103,930</u>                             | <u>-</u>                    | <u>1,701,285</u>     |
| Disbursements:  |                            |                            |                                     |  |                             |                      |
| General government  | 34,000                     | -                          | -                                   | 1,245                                      | -                           | -                    |
| Public safety   | -                          | 31,058                     | 34,483                              | -  | -                           | -                    |
| Highways and streets  | -                          | -                          | -                                   | -  | -                           | -                    |
| Health and welfare  | -                          | -                          | -                                   | -  | -                           | -                    |
| Culture and recreation  | -                          | -                          | -                                   | -  | -                           | -                    |
| Debt service:   |                            |                            |                                     |  |                             |                      |
| Principal   | -                          | -                          | -                                   | -  | -                           | 1,175,000            |
| Interest  | -                          | -                          | -                                   | -  | -                           | 535,000              |
| Capital outlay:   |                            |                            |                                     |  |                             |                      |
| Highways and streets  | -                          | -                          | -                                   | -  | -                           | -                    |
| Special assessments   | -                          | -                          | -                                   | -  | -                           | -                    |
| Total disbursements   | <u>34,000</u>              | <u>31,058</u>              | <u>34,483</u>                       | <u>1,245</u>                               | <u>-</u>                    | <u>1,710,000</u>     |
| Excess (deficiency) of receipts<br>over (under) disbursements | <u>2,500</u>               | <u>11,121</u>              | <u>-</u>                            | <u>102,685</u>                             | <u>-</u>                    | <u>(8,715)</u>       |
| Cash and investment fund balance - beginning                  | <u>-</u>                   | <u>-</u>                   | <u>-</u>                            | <u>-</u>                                   | <u>5,512</u>                | <u>849,629</u>       |
| Cash and investment fund balance - ending                     | <u>\$ 2,500</u>            | <u>\$ 11,121</u>           | <u>\$ -</u>                         | <u>\$ 102,685</u>                          | <u>\$ 5,512</u>             | <u>\$ 840,914</u>    |
| <u>Cash and Investment Assets - December 31</u>               |                            |                            |                                     |  |                             |                      |
| Total cash and investment assets - December 31                | <u>\$ 2,500</u>            | <u>\$ 11,121</u>           | <u>\$ -</u>                         | <u>\$ 102,685</u>                          | <u>\$ 5,512</u>             | <u>\$ 840,914</u>    |
| <u>Cash and Investment Fund Balance - December 31</u>         |                            |                            |                                     |  |                             |                      |
| Restricted for:   |                            |                            |                                     |  |                             |                      |
| Debt service  | \$ -                       | \$ -                       | \$ -                                | \$ -                                       | \$ 5,512                    | \$ 840,914           |
| Unrestricted  | <u>2,500</u>               | <u>11,121</u>              | <u>-</u>                            | <u>102,685</u>                             | <u>-</u>                    | <u>-</u>             |
| Total cash and investment fund balance - December 31          | <u>\$ 2,500</u>            | <u>\$ 11,121</u>           | <u>\$ -</u>                         | <u>\$ 102,685</u>                          | <u>\$ 5,512</u>             | <u>\$ 840,914</u>    |

HOWARD 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)

|   | Cumulative<br>Bridge | Cumulative<br>Capital<br>Development | General<br>Drain<br>Improvement | EDIT Tax            | Sheriffs<br>Commissary<br>Fund | Totals               |
|---|----------------------|--------------------------------------|---------------------------------|---------------------|--------------------------------|----------------------|
| <b>Receipts:</b>  |                      |                                      |                                 |                     |                                |                      |
| Taxes   | \$ 613,034           | \$ 1,150,031                         | \$ -                            | \$ 990,714          | \$ -                           | \$ 6,004,951         |
| Special assessments   | -                    | -                                    | 130,147                         | -                   | -                              | 395,038              |
| Intergovernmental   | -                    | -                                    | -                               | -                   | -                              | 4,456,837            |
| Charges for services  | -                    | -                                    | -                               | -                   | 328,285                        | 1,045,639            |
| Fines and forfeits  | -                    | -                                    | -                               | -                   | -                              | 653,016              |
| Other   | 69,546               | 11,601                               | -                               | -                   | -                              | 1,905,864            |
| <b>Total receipts</b>   | <b>682,580</b>       | <b>1,161,632</b>                     | <b>130,147</b>                  | <b>990,714</b>      | <b>328,285</b>                 | <b>14,461,345</b>    |
| <b>Disbursements:</b>   |                      |                                      |                                 |                     |                                |                      |
| General government  | -                    | 903,652                              | -                               | 511,712             | 370,202                        | 4,238,917            |
| Public safety   | -                    | -                                    | -                               | -                   | -                              | 2,103,411            |
| Highways and streets  | -                    | -                                    | -                               | -                   | -                              | 4,295,769            |
| Health and welfare  | -                    | -                                    | -                               | -                   | -                              | 1,118,832            |
| Culture and recreation  | -                    | -                                    | -                               | -                   | -                              | 137,782              |
| Debt service:   |                      |                                      |                                 |                     |                                |                      |
| Principal   | -                    | -                                    | -                               | -                   | -                              | 1,175,000            |
| Interest  | -                    | -                                    | -                               | -                   | -                              | 535,000              |
| Capital outlay:   |                      |                                      |                                 |                     |                                |                      |
| Highways and streets  | 846,412              | -                                    | -                               | -                   | -                              | 846,412              |
| Special assessments   | -                    | -                                    | 180,465                         | -                   | -                              | 180,465              |
| <b>Total disbursements</b>                                    | <b>846,412</b>       | <b>903,652</b>                       | <b>180,465</b>                  | <b>511,712</b>      | <b>370,202</b>                 | <b>14,631,588</b>    |
| Excess (deficiency) of receipts<br>over (under) disbursements | (163,832)            | 257,980                              | (50,318)                        | 479,002             | (41,917)                       | (170,243)            |
| Cash and investment fund balance - beginning                  | 446,841              | 1,619,225                            | 528,895                         | 1,174,912           | 65,871                         | 13,661,500           |
| Cash and investment fund balance - ending                     | \$ 283,009           | \$ 1,877,205                         | \$ 478,577                      | \$ 1,653,914        | \$ 23,954                      | \$ 13,491,257        |
| <b>Cash and Investment Assets - December 31</b>               |                      |                                      |                                 |                     |                                |                      |
| Total cash and investment assets - December 31                | \$ 283,009           | \$ 1,877,205                         | \$ 478,577                      | \$ 1,653,914        | \$ 23,954                      | \$ 13,491,257        |
| <b>Cash and Investment Fund Balance - December 31</b>         |                      |                                      |                                 |                     |                                |                      |
| Restricted for:   |                      |                                      |                                 |                     |                                |                      |
| Debt service  | \$ -                 | \$ -                                 | \$ -                            | \$ -                | \$ -                           | \$ 846,426           |
| Unrestricted  | 283,009              | 1,877,205                            | 478,577                         | 1,653,914           | 23,954                         | 12,644,831           |
| <b>Total cash and investment fund balance - December 31</b>   | <b>\$ 283,009</b>    | <b>\$ 1,877,205</b>                  | <b>\$ 478,577</b>               | <b>\$ 1,653,914</b> | <b>\$ 23,954</b>               | <b>\$ 13,491,257</b> |

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

|  | Sheriff's<br>Retirement<br>Plan | Sheriff's<br>Benefit<br>Plan | Total               |
|--|---------------------------------|------------------------------|---------------------|
| Additions:   |                                 |                              |                     |
| Contributions:                                     |                                 |                              |                     |
| Employer   | \$ 260,328                      | \$ 15,565                    | \$ 275,893          |
| Plan members                                       | <u>82,540</u>                   | <u>-</u>                     | <u>82,540</u>       |
| Total contributions                                | <u>342,868</u>                  | <u>15,565</u>                | <u>358,433</u>      |
| Investment receipts:                               |                                 |                              |                     |
| Net increase in investments                        | 128,618                         | 7,739                        | 136,357             |
| Interest   | <u>218,577</u>                  | <u>4,823</u>                 | <u>223,400</u>      |
| Net investment receipts                            | <u>347,195</u>                  | <u>12,562</u>                | <u>359,757</u>      |
| Total additions                                    | <u>690,063</u>                  | <u>28,127</u>                | <u>718,190</u>      |
| Deductions:  |                                 |                              |                     |
| Benefits   | 329,696                         | 12,720                       | 342,416             |
| Administrative and general                         | <u>34,123</u>                   | <u>7,600</u>                 | <u>41,723</u>       |
| Total deductions                                   | <u>363,819</u>                  | <u>20,320</u>                | <u>384,139</u>      |
| Excess of total additions<br>over total deductions | 326,244                         | 7,807                        | 334,051             |
| Cash and investment fund balance - beginning       | <u>7,735,310</u>                | <u>269,563</u>               | <u>8,004,873</u>    |
| Cash and investment fund balance - ending          | <u>\$ 8,061,554</u>             | <u>\$ 277,370</u>            | <u>\$ 8,338,924</u> |

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

|   | Tax Sale<br>Redemption | Health<br>Care for the<br>Indigent | Medical<br>Assistance<br>to Wards | Children With<br>Special Needs | Poor<br>Relief   | Surplus<br>Tax Sale | Personnel<br>Property<br>Overpayments |
|---|------------------------|------------------------------------|-----------------------------------|--------------------------------|------------------|---------------------|---------------------------------------|
| Additions:  |                        |                                    |                                   |                                |                  |                     |                                       |
| Agency fund additions   | \$ 384,560             | \$ 896,781                         | \$ 84,958                         | \$ 94,398                      | \$ 1,032,399     | \$ 3,217,240        | \$ 26,219                             |
| Deductions:   |                        |                                    |                                   |                                |                  |                     |                                       |
| Agency fund deductions  | <u>379,454</u>         | <u>896,781</u>                     | <u>84,958</u>                     | <u>94,398</u>                  | <u>1,032,399</u> | <u>1,610,650</u>    | <u>-</u>                              |
| Excess (deficiency) of total additions<br>over (under) total deductions | 5,106                  | -                                  | -                                 | -                              | -                | 1,606,590           | 26,219                                |
| Cash and investment fund balance - beginning                            | <u>1,713</u>           | <u>-</u>                           | <u>-</u>                          | <u>-</u>                       | <u>-</u>         | <u>1,646,170</u>    | <u>-</u>                              |
| Cash and investment fund balance - ending                               | <u>\$ 6,819</u>        | <u>\$ -</u>                        | <u>\$ -</u>                       | <u>\$ -</u>                    | <u>\$ -</u>      | <u>\$ 3,252,760</u> | <u>\$ 26,219</u>                      |

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

|   | Atlas<br>Collections | Adult<br>Offender<br>Interstate<br>Comp | State Sale<br>Disclosure<br>Assessment | State Sale<br>Disclosure<br>General | User and<br>Law Fees | Inheritance<br>Tax | Tax Clearing<br>Account |
|---|----------------------|---|--|-------------------------------------|----------------------|--------------------|-------------------------|
| Additions:  |                      |   |  |                                     |                      |                    |                         |
| Agency fund additions   | \$ 517               | \$ 1,575                                | \$ 1,233                               | \$ 11,332                           | \$ 19,271            | \$ 1,200,330       | \$ 127,357,605          |
| Deductions:   |                      |   |  |                                     |                      |                    |                         |
| Agency fund deductions  | 517                  | 1,650                                   | 1,395                                  | 11,029                              | 35,954               | 1,239,260          | 128,283,122             |
| Excess (deficiency) of total additions<br>over (under) total deductions | -                    | (75)                                    | (162)                                  | 303                                 | (16,683)             | (38,930)           | (925,517)               |
| Cash and investment fund balance - beginning                            | -                    | 150                                     | 162                                    | 652                                 | 24,561               | 294,268            | 967,002                 |
| Cash and investment fund balance - ending                               | <u>\$ -</u>          | <u>\$ 75</u>                            | <u>\$ -</u>                            | <u>\$ 955</u>                       | <u>\$ 7,878</u>      | <u>\$ 255,338</u>  | <u>\$ 41,485</u>        |

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

|   | <u>Surplus<br/>Tax</u> | <u>Payroll</u>    | <u>Surplus<br/>Dog</u> | <u>Congressional<br/>School<br/>Interest</u> | <u>Welfare<br/>Trust</u> | <u>Court<br/>Fees</u> |
|---|------------------------|-------------------|------------------------|--|--------------------------|-----------------------|
| Additions:  |                        |                   |                        |  |                          |                       |
| Agency fund additions   | \$ 91,251              | \$ 10,359,205     | \$ 363                 | \$ 899                                       | \$ 60,705                | \$ 148,735            |
| Deductions:   |                        |                   |                        |  |                          |                       |
| Agency fund deductions  | <u>203,264</u>         | <u>10,324,177</u> | <u>363</u>             | <u>899</u>                                   | <u>58,152</u>            | <u>144,132</u>        |
| Excess (deficiency) of total additions<br>over (under) total deductions | (112,013)              | 35,028            | -                      | -  | 2,553                    | 4,603                 |
| Cash and investment fund balance - beginning                            | <u>274,481</u>         | <u>317,099</u>    | -                      | -  | <u>60,278</u>            | <u>13,903</u>         |
| Cash and investment fund balance - ending                               | <u>\$ 162,468</u>      | <u>\$ 352,127</u> | <u>\$ -</u>            | <u>\$ -</u>                                  | <u>\$ 62,831</u>         | <u>\$ 18,506</u>      |

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

|   | Property<br>Taxes<br>Payable | Clerk's<br>Trust    | County<br>Treasurer | County<br>Sheriff | Other County<br>Departments | Total               |
|---|------------------------------|---------------------|---------------------|-------------------|-----------------------------|---------------------|
| Additions:  |                              |                     |                     |                   |                             |                     |
| Agency fund additions   | \$ 236,142                   | \$ 26,121,325       | \$ 284,127,411      | \$ 1,734,202      | \$ 2,568,632                | \$ 459,777,288      |
| Deductions:   |                              |                     |                     |                   |                             |                     |
| Agency fund deductions  | -                            | 25,995,525          | 283,744,185         | 1,752,922         | 2,572,960                   | 458,468,146         |
| Excess (deficiency) of total additions<br>over (under) total deductions | 236,142                      | 125,800             | 383,226             | (18,720)          | (4,328)                     | 1,309,142           |
| Cash and investment fund balance - beginning                            | -                            | 3,105,485           | 831,081             | 41,407            | 172,019                     | 7,750,431           |
| Cash and investment fund balance - ending                               | <u>\$ 236,142</u>            | <u>\$ 3,231,285</u> | <u>\$ 1,214,307</u> | <u>\$ 22,687</u>  | <u>\$ 167,691</u>           | <u>\$ 9,059,573</u> |

HOWARD 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.

Retroactive reporting of general infrastructure assets will occur by 2007.

| <u>Primary Government</u>  | <u>Ending<br/>Balance</u> |
|--|---------------------------|
| Governmental activities:   |                           |
| Capital assets, not being depreciated:                                 |                           |
| Land   | \$ 452,048                |
| Buildings  | 10,709,137                |
| Leased Buildings   | 19,590,000                |
| Machinery and equipment  | <u>7,440,387</u>          |
| Total governmental activities, capital<br>assets not being depreciated | <u>\$ 38,191,572</u>      |

HOWARD 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<br>of Net<br>Minimum<br>Lease Payments | Ending<br>Balance                  | Due<br>Within One<br>Year |
|--|--|------------------------------------|---------------------------|
| Juvenile Detention Facility and Civic Center | <u>\$ 11,710,900</u>                                 | <u>\$ 9,668,000</u>                | <u>\$ 1,908,920</u>       |
|  | <u>Ending Balance</u>                                | <u>Due<br/>Within One<br/>Year</u> |                           |
| Governmental Activities:<br>Leases payable   | <u>\$ 9,668,000</u>                                  | <u>\$ 1,908,920</u>                |                           |

HOWARD 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 Sheriff  
Clerk of the Circuit Court

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 HOWARD COUNTY, INDIANA

Compliance

We have audited the compliance of the Howard 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.

In our opinion, the County complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2005-2.

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.

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)

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 item 2005-2.

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

June 26, 2006

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

| Federal Grantor Agency/Pass-Through Entity<br>Cluster Title/Program Title/Project Title  | Federal<br>CFDA<br>Number | Pass-Through<br>Entity (or Other)<br>Identifying<br>Number | Total<br>Federal Awards<br>Expended |
|--|---------------------------|--|-------------------------------------|
| <u>U.S. DEPARTMENT OF AGRICULTURE</u>  |                           |  |                                     |
| Pass-Through Indiana Department of Education<br>Child Nutrition Cluster<br>School Breakfast Program<br>FY 2005                               | 10.553                    | FY 2005  | \$ 22,133                           |
| National School Lunch Program<br>FY 2005   | 10.555                    | FY 2005  | <u>18,501</u>                       |
| Total for federal grantor agency   |                           |  | <u>40,634</u>                       |
| <u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>  |                           |  |                                     |
| Pass-Through Indiana Department of Commerce<br>Community Development Block Grants/State's Program<br>Taylor Township Regional Sewer District | 14.228                    | CF-02-137  | <u>478,000</u>                      |
| <u>U.S. DEPARTMENT OF JUSTICE</u>  |                           |  |                                     |
| Pass-Through Indiana Criminal Justice Institute<br>Juvenile Accountability Incentive Block Grants  | 16.523                    | 03-JB-029  | <u>34,987</u>                       |
| Title V - Delinquency Prevention Program   | 16.548                    | 02-JP010   | <u>6,897</u>                        |
| Byrne Formula Grant Program  | 16.579                    | 03DB021<br>04DB021   | 29,705<br><u>69,825</u>             |
| Total for program  |                           |  | <u>99,530</u>                       |
| Violence Against Women Formula Grant   | 16.588                    | 04ST028<br>05ST025   | 8,958<br><u>19,027</u>              |
| Total for program  |                           |  | <u>27,985</u>                       |
| Local Law Enforcement Block Grants Program   | 16.592                    | 04-DB-021  | <u>6,125</u>                        |
| Total for federal grantor agency   |                           |  | <u>175,524</u>                      |
| <u>U.S. DEPARTMENT OF TRANSPORTATION</u>   |                           |  |                                     |
| Pass-Through Indiana Criminal Justice Institute<br>Highway Safety Cluster<br>State and Community Highway Safety                              | 20.600                    | OP-05-02-03-72<br>PT-06-04-07-16                           | 12,423<br>5,973                     |
| Alcohol Traffic Safety and Drunk Driving Prevention<br>Incentive Grants  | 20.601                    | 154 AL-05-03-03-81<br>154 AL-06-03-03-09                   | 21,011<br>3,081                     |
| Safety Incentive Grants for Use of Seatbelts   | 20.604                    | IN-05-02-03-16   | <u>2,269</u>                        |
| Total for cluster and federal grantor agency   |                           |  | <u>44,757</u>                       |

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

HOWARD COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2005  
(Continued)

| Federal Grantor Agency/Pass-Through Entity<br>Cluster Title/Program Title/Project Title   | Federal<br>CFDA<br>Number | Pass-Through<br>Entity (or Other)<br>Identifying<br>Number         | Total<br>Federal Awards<br>Expended |
|---|---------------------------|--|-------------------------------------|
| <u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>   |                           |  |                                     |
| Pass-Through Indiana State Department of Health<br>Centers for Disease Control and Prevention - Investigations<br>and Technical Assistance          | 93.283                    | BPRS 133-5   | <u>70,754</u>                       |
| Pass-Through Indiana Department of Child Services<br>Child Support Enforcement  | 93.563                    | FY 2005  | <u>405,996</u>                      |
| Pass-Through Indiana Family and Social Services Administration<br>Preventive Health and Health Services Block Grant<br>Mosquito Control Block Grant | 93.991                    | EMC-2003-GR-7040   | <u>2,565</u>                        |
| Total for federal grantor agency  |                           |  | <u>479,315</u>                      |
| <u>U.S. DEPARTMENT OF HOMELAND SECURITY OFFICE OF DOMESTIC PREPAREDNESS</u>   |                           |  |                                     |
| Pass-Through State Emergency Management Agency<br>Homeland Security Grant Program   | 97.004                    | FFY03 Part II<br>2004 LETPP<br>FY 2004 SHSGP                       | 29,155<br>32,521<br><u>319,621</u>  |
| Total for program   |                           |  | <u>381,297</u>                      |
| Flood Mitigation Assistance   | 97.029                    | EMC-2003 G<br>Multi Hazard Mitigation<br>Flood Mit Asst Gr Program | 143,062<br>34,000<br><u>1,245</u>   |
| Total for program   |                           |  | <u>178,307</u>                      |
| Total for federal grantor agency  |                           |  | <u>559,604</u>                      |
| Total federal awards expended   |                           |  | <u>\$ 1,777,834</u>                 |

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

HOWARD COUNTY  
NOTE 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 Howard 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.

HOWARD 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? | yes |

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

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<br>Number | Name of Federal Program or Cluster                 |
|----------------|--|
| 14.228         | Community Development Block Grants/State's Program |
| 93.563         | Child Support Enforcement                          |
| 97.004         | Homeland Security Grant Program                    |

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 2005-1, REPORTABLE CONDITION – CHILD SUPPORT ENFORCEMENT CASE BALANCES

Howard County, in conjunction with the Indiana Family and Social Services Administration, accounted for child support collections and payments through the Indiana Support Enforcement Tracking System (ISETS) during 2005. The following deficiency was identified:

Balances of child support cases included errors resulting from data conversion, information not recorded during the time period from data conversion system implementation, computer application processing errors and user errors. The errors are currently being corrected on a case by case basis as they are identified.

HOWARD COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

45 CFR 303.6 states in part: ". . . the IV-D agency must maintain and use an effective system for: (a) Monitoring compliance with the support obligation; (b) identifying on the date the parent fails to make payments in an amount equal to the support payable . . ."

As a result of the inaccurate balances enforcement actions may be initiated improperly or may not be initiated when required.

We recommended that action should be expedited to ensure that all subaccount balances are researched and corrected in a timely manner.

Section III – Federal Award Findings and Questioned Costs

FINDING 2005-2, REPORTABLE CONDITION – CHILD SUPPORT ENFORCEMENT CASE BALANCES

Federal Agency: U.S. Department of Health and Human Services  
Federal Program: Child Support Enforcement  
CFDA Number: 93.563  
Pass-Through Agency: Indiana Department of Child Services

Howard County, in conjunction with the Indiana Department of Child Services, accounted for child support collections and payments through the Indiana Support Enforcement Tracking System (ISETS) during 2005. The following deficiency was identified:

Balances of child support cases included errors resulting from data conversion, information not recorded during the time period from data conversion to system implementation, computer application processing errors and user errors. The errors are currently being corrected on a case by case basis as they are identified.

45 CFR 303.6 states in part: ". . . the IV-D agency must maintain and use an effective system for: (a) Monitoring compliance with the support obligation; (b) identifying on the date the parent fails to make payments in an amount equal to the support payable . . ."

As a result of the inaccurate balances enforcement actions may be initiated improperly or may not be initiated when required.

We recommended that action should be expedited to ensure that all sub account balances are researched and corrected in a timely manner.

HOWARD COUNTY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Section II – Financial Statement Findings

FINDING 2004-1, REPORTABLE CONDITION – CHILD SUPPORT ENFORCEMENT CASE BALANCES

Howard County, in conjunction with the Indiana Family and Social Services Administration, accounted for child support collections and payments through the Indiana Support Enforcement Tracking System (ISETS) during 2004. The following deficiency was identified:

Balances of child support cases included errors resulting from data conversion, information not recorded during the time period from data conversion system implementation, computer application processing errors and user errors. The errors are currently being corrected on a case by case basis as they are identified.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. (Accounting and Uniform Compliance Guidelines Manual for Clerks of Circuit Courts, Chapter 14)

We recommended that action should be expedited to ensure that all subaccount balances are researched and corrected in a timely manner.

Section III – Federal Award Findings and Questioned Costs

FINDING 2004-2, REPORTABLE CONDITION – CHILD SUPPORT ENFORCEMENT CASE BALANCES

Federal Agency: U.S. Department of Health and Human Services  
Federal Program: Child Support Enforcement  
CFDA Number: 93.563  
Pass-Through Agency: Indiana Family and Social Services Administration

Howard County, in conjunction with the Indiana Family and Social Services Administration, accounted for child support collections and payments through the Indiana Support Enforcement Tracking System (ISETS) during 2004. The following deficiency was identified:

Balances of child support cases included errors resulting from data conversion, information not recorded during the time period from data conversion to system implementation, computer application processing errors and user errors. The errors are currently being corrected on a case by case basis as they are identified.

45 CFR 303.6 states in part: ". . . the IV-D agency must maintain and use an effective system for: (a) Monitoring compliance with the support obligation; (b) identifying on the date the parent fails to make payments in an amount equal to the support payable . . ."

As a result of the inaccurate balances enforcement actions may be initiated improperly or may not be initiated when required.

We recommended that action should be expedited to ensure that all subaccount balances are researched and corrected in a timely manner.



# JAMES R. FLEMING

PROSECUTING ATTORNEY  
HOWARD COUNTY, INDIANA  
62<sup>ND</sup> JUDICIAL CIRCUIT

---

May 25, 2006

State Board of Accounts  
Attn: Official Response  
302 West Washington Street, Room E418  
Indianapolis, IN 46204-2738

### Prior Audit Finding

The purpose of this communication is to provide an update regarding the ongoing corrective action plan for Howard County's Title IV-D Child Support Program.

To the extent that the balance finding of the audit does not match up with the State Board of Accounts is due to the individual case balances and information that was input into the computer originally by an outside agency provided by the State was incorrect.

Howard County Title IV-D Child Support Program continues to strive to make every effort to comply with the federally mandated standards for data reliability. The IV-D Child Support office is required to maintain accurate and updated case activity and court order information with the ISETS database in order to meet the federal standard for 95% accuracy.

Our plan for corrective action is on an individual case by case basis. We will review each case, input information as far as court orders and participant data, correct account balances and make sure they are current.

Sincerely,

James R. Fleming  
Prosecutor, Howard County  
62<sup>nd</sup> Judicial Circuit

---

**ENFORCEMENT DIVISION**  
Howard County Courthouse  
Kokomo, IN 46901  
765-456-2230 Office  
765-456-2505 Fax

**IV-D/CHILD SUPPORT**  
Howard County Courthouse  
Kokomo, IN 46901  
765-456-2231 Office  
765-456-2235 Fax



# JAMES R. FLEMING

PROSECUTING ATTORNEY  
HOWARD COUNTY, INDIANA  
62<sup>ND</sup> JUDICIAL CIRCUIT

May 25, 2006

State Board of Accounts  
Attn: Official Response  
302 West Washington Street, Room E418  
Indianapolis, IN 46204-2738

## Corrective Action Plan For Howard County

The purpose of this communication is to provide an update regarding the ongoing corrective action plan for Howard County's Title IV-D Child Support Program.

To the extent that the balance finding of the audit does not match up with the State Board of Accounts is due to the individual case balances and information that was input into the computer originally by an outside agency provided by the State was incorrect.

Howard County Title IV-D Child Support Program continues to strive to make every effort to comply with the federally mandated standards for data reliability. The IV-D Child Support office is required to maintain accurate and updated case activity and court order information with the ISETS database in order to meet the federal standard for 95% accuracy.

Our plan for corrective action is on an individual case by case basis. We will review each case, input information as far as court orders and participant data, correct account balances and make sure they are current.

Sincerely,

James R. Fleming  
Prosecutor, Howard County  
62<sup>nd</sup> Judicial Circuit

**ENFORCEMENT DIVISION**  
Howard County Courthouse  
Kokomo, IN 46901  
765-456-2230 Office  
765-456-2505 Fax

**IV-D/CHILD SUPPORT**  
Howard County Courthouse  
Kokomo, IN 46901  
765-456-2231 Office  
765-456-2235 Fax

HOWARD COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 7, 2006, with Ann Wells, Auditor; and Richard Miller, President of the County Council.