

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

ANNUAL FINANCIAL REPORT

2005

POSEY COUNTY, INDIANA



**FILED**  
11/15/2006



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Joleen R. Elpers	01-01-04 to 12-31-07
Treasurer	Mary Rose	01-01-05 to 12-31-08
Clerk	David Angermeier	01-01-03 to 12-31-06
Sheriff	James Folz	01-01-03 to 12-31-06
Recorder	Sandra Elpers	01-01-04 to 12-31-07
President of the Board of County Commissioners	Scott Moye John K. Sherretz	01-01-05 to 12-31-05 01-01-06 to 12-31-06
President of the County Council	Robert Deig Dallas S. Robinson	01-01-05 to 12-31-05 01-01-06 to 12-31-06



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

TO: THE OFFICIALS OF POSEY COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Posey County (County), as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

As discussed in Note I, the financial statements referred to above do not include a component unit 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 unit 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, September 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, 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 Long-Term Debt has 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 it.

STATE BOARD OF ACCOUNTS

September 26, 2006



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

TO: THE OFFICIALS OF POSEY COUNTY, INDIANA

We have audited the financial statements of Posey County (County), as of and for the year ended December 31, 2005, and have issued our report thereon dated September 26, 2006. The opinion to the financial statements was qualified due to the omission of a component unit of the County, which should have been included to conform to accounting principals generally accepted in the United States. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

We noted other matters involving the internal control over financial reporting that we have discussed with the management of the County on July 27, 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

September 26, 2006

POSEY 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 (Disbursement) Receipt and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>
					<u>Governmental Activities</u>
Primary government:					
Governmental activities:					
General government	\$ 6,165,835	\$ 341,097	\$ 4,097	\$ 333,284	\$ (5,487,357)
Public safety	4,161,957	940,174	139,960	10,825	(3,070,998)
Highways and streets	3,736,350	-	2,444,731	10,725	(1,280,894)
Health and welfare	1,380,337	467,083	374,692	-	(538,562)
Economic development	12,057	-	12,025	-	(32)
Culture and recreation	-	-	-	-	-
Interest on long-term debt	16,233	-	-	-	(16,233)
	<u>\$ 15,472,769</u>	<u>\$ 1,748,354</u>	<u>\$ 2,975,505</u>	<u>\$ 354,834</u>	<u>(10,394,076)</u>
Total primary government					
General receipts:					
Property taxes					8,209,389
Other local sources					1,184,789
Bonds and loans					2,167,750
Unrestricted investment earnings					399,216
Miscellaneous revenue					185,370
					<u>12,146,514</u>
					Change in net assets 1,752,438
					<u>8,404,372</u>
					Net assets - beginning
					<u>\$ 10,156,810</u>
					Net assets - ending
<u>Assets</u>					
Cash and investments					\$ 1,712,990
Restricted assets:					
Cash and investments					<u>8,443,820</u>
Total assets					<u>\$ 10,156,810</u>
<u>Net Assets</u>					
Restricted for:					
Highway and streets					\$ 390,686
Public safety					416,742
Health and welfare					2,634,405
Debt service					1,728
Other purposes					5,000,259
Unrestricted					<u>1,712,990</u>
Total net assets					<u>\$ 10,156,810</u>

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

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

	General	County Highway	Property Reassessment 2006	County Family and Children's Services	Cumulative Bridge	Cumulative Capital Development	2005 Courthouse Project	Other Governmental Funds	Totals
<b>Receipts:</b>									
Taxes	\$ 6,502,817	\$ 479,667	\$ 164,468	\$ 582,045	\$ 683,940	\$ 368,132	\$ -	\$ 566,168	\$ 9,347,237
Licenses and permits	66,464	-	-	-	-	-	-	-	66,464
Intergovernmental	219,799	2,164,166	-	116,298	3,200	-	-	873,816	3,377,279
Charges for services	765,021	-	-	-	-	-	-	632,662	1,397,683
Fines and forfeits	102,736	-	-	-	-	-	-	181,472	284,208
Other	535,955	7,334	24,157	50	15,109	-	-	1,981	584,586
<b>Total receipts</b>	<b>8,192,792</b>	<b>2,651,167</b>	<b>188,625</b>	<b>698,393</b>	<b>702,249</b>	<b>368,132</b>	<b>-</b>	<b>2,256,099</b>	<b>15,057,457</b>
<b>Disbursements:</b>									
General government	4,385,775	-	390,611	-	-	-	-	852,686	5,629,072
Public safety	3,262,876	-	-	-	-	-	-	795,681	4,058,557
Highways and streets	112,794	2,652,607	-	-	-	-	-	263,435	3,028,836
Health and welfare	78,440	-	-	889,065	-	-	-	412,832	1,380,337
Urban redevelopment and housing	-	-	-	-	-	-	-	12,057	12,057
Debt service:									
Principal	-	39,024	-	-	-	189,316	-	103,400	331,740
Interest	-	1,245	-	-	-	6,166	-	8,822	16,233
Capital outlay:									
General government	-	-	-	-	-	214,726	42,813	89,908	347,447
Highways and streets	-	-	-	-	668,490	-	-	-	668,490
<b>Total disbursements</b>	<b>7,839,885</b>	<b>2,692,876</b>	<b>390,611</b>	<b>889,065</b>	<b>668,490</b>	<b>410,208</b>	<b>42,813</b>	<b>2,538,821</b>	<b>15,472,769</b>
Excess (deficiency) of receipts over disbursements	352,907	(41,709)	(201,986)	(190,672)	33,759	(42,076)	(42,813)	(282,722)	(415,312)
<b>Other financing sources (uses)</b>									
Bond and note proceeds	-	-	-	-	-	-	1,781,050	386,700	2,167,750
Transfers in	94,013	-	829,229	-	-	-	-	2,092	925,334
Transfers out	(981)	-	-	-	-	-	-	(924,353)	(925,334)
<b>Total other financing sources (uses)</b>	<b>93,032</b>	<b>-</b>	<b>829,229</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,781,050</b>	<b>(535,561)</b>	<b>2,167,750</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	445,939	(41,709)	627,243	(190,672)	33,759	(42,076)	1,738,237	(818,283)	1,752,438
Cash and investment fund balance - beginning	1,287,201	367,053	547,461	2,293,808	889,909	848,478	-	2,170,462	8,404,372
Cash and investment fund balance - ending	<u>\$ 1,733,140</u>	<u>\$ 325,344</u>	<u>\$ 1,174,704</u>	<u>\$ 2,103,136</u>	<u>\$ 923,668</u>	<u>\$ 806,402</u>	<u>\$ 1,738,237</u>	<u>\$ 1,352,179</u>	<u>\$ 10,156,810</u>
<b>Cash and Investment Assets - December 31</b>									
Cash and investments	\$ 1,733,140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (20,150)	\$ 1,712,990
Restricted assets:									
Cash and investments	-	325,344	1,174,704	2,103,136	923,668	806,402	1,738,237	1,372,329	8,443,820
<b>Total cash and investment assets - December 31</b>	<b>\$ 1,733,140</b>	<b>\$ 325,344</b>	<b>\$ 1,174,704</b>	<b>\$ 2,103,136</b>	<b>\$ 923,668</b>	<b>\$ 806,402</b>	<b>\$ 1,738,237</b>	<b>\$ 1,352,179</b>	<b>\$ 10,156,810</b>
<b>Cash and Investment Fund Balance - December 31</b>									
Restricted for:									
Highway and streets	\$ -	\$ 325,344	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,342	\$ 390,686
Public safety	-	-	-	-	-	-	-	416,742	416,742
Health and welfare	-	-	-	2,103,136	-	-	-	531,269	2,634,405
Debt service	-	-	-	-	-	-	-	1,728	1,728
Other purposes	-	-	1,174,704	-	923,668	806,402	1,738,237	357,248	5,000,259
Unrestricted	1,733,140	-	-	-	-	-	-	(20,150)	1,712,990
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 1,733,140</b>	<b>\$ 325,344</b>	<b>\$ 1,174,704</b>	<b>\$ 2,103,136</b>	<b>\$ 923,668</b>	<b>\$ 806,402</b>	<b>\$ 1,738,237</b>	<b>\$ 1,352,179</b>	<b>\$ 10,156,810</b>

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

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

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Employer	\$ 90,000	\$ -	\$ -
Plan members	27,861	-	-
Other	91	-	-
	<u>117,952</u>	<u>-</u>	<u>-</u>
Total contributions			
Investment earnings:			
Net increase in fair value of investments	23,990	-	-
Interest	26,291	-	-
Dividends	14,072	-	-
	<u>64,353</u>	<u>-</u>	<u>-</u>
Total investment earnings			
Agency fund additions	<u>-</u>	<u>-</u>	<u>96,169,000</u>
Total additions	<u>182,305</u>	<u>-</u>	<u>96,169,000</u>
Deductions:			
Benefits	53,292	-	-
Administrative and general	22,727	-	-
Agency fund deductions	-	-	96,191,573
	<u>76,019</u>	<u>-</u>	<u>96,191,573</u>
Total deductions			
Excess (deficiency) of total additions over total deductions	106,286	-	(22,573)
Cash and investment fund balance - beginning	<u>1,251,553</u>	<u>44,555</u>	<u>1,150,677</u>
Cash and investment fund balance - ending	<u>\$ 1,357,839</u>	<u>\$ 44,555</u>	<u>\$ 1,128,104</u>

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

POSEY 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:	Posey County
Discretely Presented Component Unit:	Posey County Solid Waste Management District

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

The Posey County Solid Waste Management District, a discretely presented component unit has been omitted from these financial statements. Accordingly, the financial statements do not include the data of the County's component unit necessary to fairly present the financial position of the County.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays 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 nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. There are no business-type activities.

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, 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.

The County reports the following major governmental funds:

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

The County highway fund receives all collections from state and federal government that are intended for the purpose of maintaining and construction highways. The money received may be used to pay the cost of maintaining and constructing highways.

POSEY COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The property reassessment 2006 fund receives all collections from the property taxes that the County is required to levy under section 27 of IC 6-1.1-4. The taxes collected may be used to pay the cost of: general reassessment of real property, payments to members of the reassessment board, the development of updating of detailed soil survey by the United States Department of Agriculture or its successor agency; the updating of plat books, and the payment of salary for permanent staff or for the contractual services of temporary staff who are necessary to assist assessing officials.

The County family and children's services fund receives all collections from taxes and intergovernmental revenues that are intended for the purpose of maintaining the child welfare services in the County.

The cumulative bridge fund receives all collections from taxes and intergovernmental revenues that are intended for the purpose of maintaining and constructing the County's bridges.

The cumulative capital development fund receives all collections from taxes and intergovernmental revenues that are intended for the purpose of acquisition and construction of capital assets.

The 2005 courthouse project fund receives all collections from a bond issue that is intended for the purpose of renovating the courthouse.

Additionally, the County reports the following fund types:

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

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

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

C. Measurement Focus and Basis of Accounting

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

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

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

POSEY COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

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 operations are accounted for as capital outlay disbursements of the fund upon acquisition.

3. Long-Term Debt

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

4. Equity Classification

Government-Wide Statements

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

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

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

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts and Disbursements

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.

POSEY 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 (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The County does not have any enterprise funds or internal service 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:

1. 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.
2. Primary government and component unit activity and balances – Resource flows between the primary government and the discretely-presented component units are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

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.

POSEY COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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

B. Disbursements in Excess of Appropriations

For the year ended December 31, 2005, disbursements exceeded budgeted appropriations in the following funds by the amounts below:

Fund	2005
Adult Probation	\$ 2,044
Jury User Fees	15
Local Emergency Planning	8,055
Drug Free Communities	90,826
Surveyor's Corner Perpetuation	13,883
Clerk's Records Perpetuation	4,027
County Misdemeanant	13,292
 Total	 \$ 132,142

These disbursements were funded by available fund balances.

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
Prosecutor's IV-D Incentive (old)	\$ (149)
Indiana Law Enforcement	(1)
Wastewater Study - Wadesville/Blairsville	(20,000)

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

POSEY COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds; and has a principal office or branch that qualifies to receive public funds of the political subdivision. 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. As of December 31, 2005, the County had the following investments:

Investment Type	Sheriff's Retirement and Benefit Pension Plans
U.S. Government securities	\$ 709,461
Corporate debt instruments	45,525
Corporate equity instruments	556,022
Open-end mutual funds	95,356
Total	\$ 1,406,364

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

POSEY COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

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. At December 31, 2005, the County held investments in U.S. Government Securities, Corporate Debt Instruments, Corporate Equity Instruments and Open-End Mutual Funds in the amount of \$1,406,364. Of these investments \$1,311,008 were held by the counterparty's trust department or agent but not in the County's 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.

Investment Type	Primary Government Market Value	Investment Maturities (in Years)			
		Not Applicable	Less Than 1	1-2	More Than 2
U.S. Government securities	\$ 709,461	\$ -	\$ 84,662	\$ 48,805	\$ 575,994
Corporate debt instruments	45,525	-	-	45,525	-
Corporate equity instruments	556,022	556,022	-	-	-
Open-end mutual funds	95,356	95,356	-	-	-
Totals	<u>\$ 1,406,364</u>	<u>\$ 651,378</u>	<u>\$ 84,662</u>	<u>\$ 94,330</u>	<u>\$ 575,994</u>

POSEY COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Credit Risk

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

Sheriff's Retirement and Benefit Pension Plans:

Standard and Poor's Rating	Moody's Rating	County's Investments			
		U.S. Government Securities	Corporate Debt Instruments	Corporate Equity Instrument	Open-End Mutual Funds
AAA	Aaa	\$ -	\$ -	\$ 64,596	\$ -
AA	Aa	-	-	83,287	-
A	A	-	45,525	156,974	30,782
BBB	Baa	-	-	138,026	-
BB	Ba	-	-	14,569	-
Unrated	Unrated	709,461	-	98,570	64,574
Totals		<u>\$ 709,461</u>	<u>\$ 45,525</u>	<u>\$ 556,022</u>	<u>\$ 95,356</u>

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.

B. Interfund Transfers

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

Transfer From	Transfer To	2005
General fund	Other governmental	\$ 981
Other governmental	General fund	94,013
	Property reassessment 2006	829,229
	Other governmental	<u>1,111</u>
Total		<u>\$ 925,334</u>

The County typically uses transfers to fund ongoing operating subsidies and to transfer the portion of state-shared revenues from the General Fund to the debt service fund for current-year debt service requirements.

POSEY COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

IV. Other Information

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters.

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

Job Related Illnesses or Injuries to Employees

During 1993, the County joined together with other governmental entities to form the Indiana Public Employees Pool, a public entity risk pool currently operating as a common risk management and insurance program for 860 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 job related illness or injury to employees. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event.

B. 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.

C. Pension Plans

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

1. Public Employees' Retirement Fund

Plan Description

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

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

POSEY COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

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

2. County Police Retirement Plan

Plan Description

The County contributes to the County Police Retirement Plan, which is a single-employer defined benefit pension plan. With the approval of the County's fiscal body, the plan is administered by the sheriff's department and an appointed trustee as authorized by state statute (IC 36-8-10-12) for full-time police officers. The plan provides retirement, death, and disability benefits to plan members and beneficiaries. The trustee issues a publicly available financial report that includes financial statements and required supplementary information of the plan. The report may be obtained by contacting the county sheriff.

Funding Policy and Annual Pension Cost

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

3. County Police Benefit Plan

Plan Description

The County contributes to the County Police Benefit Plan which is a single-employer defined benefit pension plan. With the approval of the County's fiscal body, the plan is administered by the sheriff's department and an appointed trustee as authorized by state statute (IC 36-8-10-12) for full-time police officers. The plan provides dependent pensions, life insurance, and disability benefits to plan members and beneficiaries. The trustee issues a publicly available financial report that includes financial statements and required supplementary information of the plan. The report may be obtained by contacting the county sheriff.

Funding Policy and Annual Pension Cost

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

POSEY COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Actuarial Information for the Above Plans

	<u>PERF</u>	<u>County Police Retirement Plan</u>	<u>County Police Benefit Plan</u>
Annual required contribution	\$ 182,895	\$ 82,020	\$ 6,767
Interest on net pension obligation	(6,946)	(2,202)	-
Adjustment to annual required contribution	7,916	4,480	-
	<u>183,865</u>	<u>84,298</u>	<u>6,767</u>
Annual pension cost	183,865	84,298	6,767
Contributions made	194,196	84,572	6,767
	<u>183,865</u>	<u>84,298</u>	<u>6,767</u>
Decrease in net pension obligation	(10,331)	(274)	-
Net pension obligation, beginning of year	(95,807)	(31,453)	-
	<u>(95,807)</u>	<u>(31,453)</u>	<u>-</u>
Net pension obligation, end of year	<u>\$ (106,138)</u>	<u>\$ (31,727)</u>	<u>\$ -</u>
Contribution rates:			
County	4.75%	21%	2%
Plan members	3%	6%	6%
Actuarial valuation date	07-01-05	10-01-05	10-01-05
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	40 years	40 years	40 years
Amortization period (from date)	07-01-97	12-31-97	12-31-97
Asset valuation method	4 year smoothed market	4 year smoothed market	4 year smoothed market

Actuarial Assumptions

Total	5%	4%	4%
Attributed to inflation	4%	4%	4%
Attributed to merit/seniority	1%	0%	0%
Cost-of-living adjustments	2%	2.75/4%*	2.75/4%*
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%

\* 2.75% converted members; 4% nonconverted members

POSEY COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Three Year Trend Information

	<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PERF	06-30-03	\$ 177,991	99%	\$ (86,470)
	06-30-04	173,245	105%	(95,807)
	06-30-05	183,865	112%	(106,138)
County Police Retirement Plan	09-30-03	60,467	75%	(24,554)
	09-30-04	75,816	109%	(31,453)
	09-30-05	84,298	100%	(31,727)
County Police Benefit Plan	09-30-03	7,562	100%	-
	09-30-04	7,248	100%	-
	09-30-05	6,767	100%	-

POSEY COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over AAL (Unfunded) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-03	\$ 3,328,816	\$ 3,303,089	\$ 25,727	101%	\$ 3,886,358	1%
07-01-04	3,387,512	3,357,045	30,467	101%	3,962,209	1%
07-01-05	3,542,134	3,697,125	(154,991)	96%	3,964,516	(4%)

County Police Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
10-01-00	\$ 1,082,736	\$ 1,089,695	\$ (6,959)	99%	\$ 330,668	(2%)
10-01-01	1,094,123	1,094,123	-	100%	342,738	0%
10-01-02	1,037,299	1,037,299	-	100%	379,116	0%
10-01-03	1,049,463	1,049,463	-	100%	385,116	0%
10-01-04	1,106,167	1,106,167	-	100%	390,592	0%
10-01-05	1,259,794	1,259,794	-	100%	399,516	0%

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

	County Health	Local Road and Street	Property Reassessment 1999	Accident Report	Firearms Training	Surveyor's Corner Perpetuation	Adult Probation
Receipts:							
Taxes	\$ 115,858	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	106	275,222	-	-	-	-	-
Charges for services	10,268	-	-	740	3,870	6,590	-
Fines and forfeits	-	-	-	-	-	-	75,175
Other	199	-	-	-	-	-	-
Total receipts	<u>126,431</u>	<u>275,222</u>	<u>-</u>	<u>740</u>	<u>3,870</u>	<u>6,590</u>	<u>75,175</u>
Disbursements:							
General government	-	-	-	-	-	13,883	-
Public safety	-	-	-	136	2,105	-	81,999
Highways and streets	-	263,435	-	-	-	-	-
Health and welfare	136,740	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Total disbursements	<u>136,740</u>	<u>263,435</u>	<u>-</u>	<u>136</u>	<u>2,105</u>	<u>13,883</u>	<u>81,999</u>
Excess (deficiency) of receipts over disbursements	<u>(10,309)</u>	<u>11,787</u>	<u>-</u>	<u>604</u>	<u>1,765</u>	<u>(7,293)</u>	<u>(6,824)</u>
Other financing sources (uses)							
Bond and note proceeds	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	(829,229)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(829,229)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(10,309)</u>	<u>11,787</u>	<u>(829,229)</u>	<u>604</u>	<u>1,765</u>	<u>(7,293)</u>	<u>(6,824)</u>
Cash and investment fund balance - beginning	<u>93,190</u>	<u>53,555</u>	<u>829,229</u>	<u>408</u>	<u>6,362</u>	<u>51,535</u>	<u>68,466</u>
Cash and investment fund balance - ending	<u>\$ 82,881</u>	<u>\$ 65,342</u>	<u>\$ -</u>	<u>\$ 1,012</u>	<u>\$ 8,127</u>	<u>\$ 44,242</u>	<u>\$ 61,642</u>
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	82,881	65,342	-	1,012	8,127	44,242	61,642
Total cash and investment assets - December 31	<u>\$ 82,881</u>	<u>\$ 65,342</u>	<u>\$ -</u>	<u>\$ 1,012</u>	<u>\$ 8,127</u>	<u>\$ 44,242</u>	<u>\$ 61,642</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Highway and streets	\$ -	\$ 65,342	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	1,012	8,127	-	61,642
Health and welfare	82,881	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	44,242	-
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 82,881</u>	<u>\$ 65,342</u>	<u>\$ -</u>	<u>\$ 1,012</u>	<u>\$ 8,127</u>	<u>\$ 44,242</u>	<u>\$ 61,642</u>

POSEY 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 Probation	County Extradition	Recorder's Records Perpetuation	Emergency Telephone System	County Law Enforcement Continuing Education	County Users Fees	Local Health Maintenance
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	20,000
Charges for services	-	-	44,973	371,598	-	-	-
Fines and forfeits	6,406	-	-	-	3,825	5,597	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>6,406</b>	<b>-</b>	<b>44,973</b>	<b>371,598</b>	<b>3,825</b>	<b>5,597</b>	<b>20,000</b>
Disbursements:							
General government	-	-	28,369	-	-	-	-
Public safety	4,501	-	-	235,169	458	4,347	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	20,582
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	103,400	-	-	-
Interest	-	-	-	8,822	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>4,501</b>	<b>-</b>	<b>28,369</b>	<b>347,391</b>	<b>458</b>	<b>4,347</b>	<b>20,582</b>
Excess (deficiency) of receipts over disbursements	1,905	-	16,604	24,207	3,367	1,250	(582)
Other financing sources (uses)							
Bond and note proceeds	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,905	-	16,604	24,207	3,367	1,250	(582)
Cash and investment fund balance - beginning	7,510	155	66,664	28,693	3,449	21,487	10,095
Cash and investment fund balance - ending	<u>\$ 9,415</u>	<u>\$ 155</u>	<u>\$ 83,268</u>	<u>\$ 52,900</u>	<u>\$ 6,816</u>	<u>\$ 22,737</u>	<u>\$ 9,513</u>
<b>Cash and Investment Assets - December 31</b>							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	9,415	155	83,268	52,900	6,816	22,737	9,513
<b>Total cash and investment assets - December 31</b>	<b>\$ 9,415</b>	<b>\$ 155</b>	<b>\$ 83,268</b>	<b>\$ 52,900</b>	<b>\$ 6,816</b>	<b>\$ 22,737</b>	<b>\$ 9,513</b>
<b>Cash and Investment Fund Balance - December 31</b>							
Restricted for:							
Highway and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	9,415	155	-	52,900	6,816	22,737	-
Health and welfare	-	-	-	-	-	-	9,513
Debt service	-	-	-	-	-	-	-
Other purposes	-	-	83,268	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 9,415</b>	<b>\$ 155</b>	<b>\$ 83,268</b>	<b>\$ 52,900</b>	<b>\$ 6,816</b>	<b>\$ 22,737</b>	<b>\$ 9,513</b>

POSEY 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)

	Jail Commissary	Drainage Maintenance	Pretrial Diversion	Mental Health	User Fees IFDP/ Prosecutor	Clerk's Records Perpetuation	Jury User Fees
Receipts:							
Taxes	\$ -	\$ 103,218	\$ -	\$ 248,536	\$ -	\$ -	\$ -
Intergovernmental	-	12,870	-	-	-	-	-
Charges for services	73,308	-	-	-	-	7,595	-
Fines and forfeits	-	-	7,744	-	56,851	-	5,258
Other	-	-	-	-	30	-	-
Total receipts	<u>73,308</u>	<u>116,088</u>	<u>7,744</u>	<u>248,536</u>	<u>56,881</u>	<u>7,595</u>	<u>5,258</u>
Disbursements:							
General government	-	161,941	-	-	-	4,027	-
Public safety	74,821	-	10,745	-	71,163	-	16
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	217,879	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Total disbursements	<u>74,821</u>	<u>161,941</u>	<u>10,745</u>	<u>217,879</u>	<u>71,163</u>	<u>4,027</u>	<u>16</u>
Excess (deficiency) of receipts over disbursements	<u>(1,513)</u>	<u>(45,853)</u>	<u>(3,001)</u>	<u>30,657</u>	<u>(14,282)</u>	<u>3,568</u>	<u>5,242</u>
Other financing sources (uses)							
Bond and note proceeds	-	-	-	-	-	-	-
Transfers in	-	-	-	-	981	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>981</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,513)</u>	<u>(45,853)</u>	<u>(3,001)</u>	<u>30,657</u>	<u>(13,301)</u>	<u>3,568</u>	<u>5,242</u>
Cash and investment fund balance - beginning	<u>2,452</u>	<u>105,736</u>	<u>28,080</u>	<u>203,082</u>	<u>65,499</u>	<u>3,752</u>	<u>866</u>
Cash and investment fund balance - ending	<u>\$ 939</u>	<u>\$ 59,883</u>	<u>\$ 25,079</u>	<u>\$ 233,739</u>	<u>\$ 52,198</u>	<u>\$ 7,320</u>	<u>\$ 6,108</u>
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	<u>939</u>	<u>59,883</u>	<u>25,079</u>	<u>233,739</u>	<u>52,198</u>	<u>7,320</u>	<u>6,108</u>
Total cash and investment assets - December 31	<u>\$ 939</u>	<u>\$ 59,883</u>	<u>\$ 25,079</u>	<u>\$ 233,739</u>	<u>\$ 52,198</u>	<u>\$ 7,320</u>	<u>\$ 6,108</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Highway and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	939	-	25,079	-	52,198	-	6,108
Health and welfare	-	-	-	233,739	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	-	59,883	-	-	-	7,320	-
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and investment fund balance - December 31	<u>\$ 939</u>	<u>\$ 59,883</u>	<u>\$ 25,079</u>	<u>\$ 233,739</u>	<u>\$ 52,198</u>	<u>\$ 7,320</u>	<u>\$ 6,108</u>

POSEY COUNTY  
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 BALANCES - CASH AND INVESTMENT BASIS  
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 (Continued)

	Juvenile Informal Adjustment Fee	County Misdemeanant	Clerk's IV-D Incentive (old)	Guardian GAL/CASA	Community Transition	Health Board Gift	Tobacco Settlement - Health Maintenance
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	19,022	-	2,092	1,590	-	6,569
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	3,021	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>3,021</b>	<b>19,022</b>	<b>-</b>	<b>2,092</b>	<b>1,590</b>	<b>-</b>	<b>6,569</b>
Disbursements:							
General government	-	-	-	1,760	500	-	-
Public safety	-	8,912	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	11,396
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>8,912</b>	<b>-</b>	<b>1,760</b>	<b>500</b>	<b>-</b>	<b>11,396</b>
Excess (deficiency) of receipts over disbursements	3,021	10,110	-	332	1,090	-	(4,827)
Other financing sources (uses)							
Bond and note proceeds	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	(1,111)	(4,380)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(1,111)</b>	<b>(4,380)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,910	5,730	-	332	1,090	-	(4,827)
Cash and investment fund balance - beginning	8,704	603	289	5,873	6,676	42	40,035
Cash and investment fund balance - ending	<u>\$ 10,614</u>	<u>\$ 6,333</u>	<u>\$ 289</u>	<u>\$ 6,205</u>	<u>\$ 7,766</u>	<u>\$ 42</u>	<u>\$ 35,208</u>
<b>Cash and Investment Assets - December 31</b>							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	10,614	6,333	289	6,205	7,766	42	35,208
<b>Total cash and investment assets - December 31</b>	<u>\$ 10,614</u>	<u>\$ 6,333</u>	<u>\$ 289</u>	<u>\$ 6,205</u>	<u>\$ 7,766</u>	<u>\$ 42</u>	<u>\$ 35,208</u>
<b>Cash and Investment Fund Balance - December 31</b>							
Restricted for:							
Highway and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	10,614	6,333	-	-	-	-	-
Health and welfare	-	-	289	-	-	42	35,208
Debt service	-	-	-	-	-	-	-
Other purposes	-	-	-	6,205	7,766	-	-
Unrestricted	-	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<u>\$ 10,614</u>	<u>\$ 6,333</u>	<u>\$ 289</u>	<u>\$ 6,205</u>	<u>\$ 7,766</u>	<u>\$ 42</u>	<u>\$ 35,208</u>

POSEY COUNTY  
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 (Continued)

	Prosecutor's IV-D Incentive (old)	Prosecutor's IV-D Incentive (new)	Clerk's IV-D Incentive (new)	Wabash Levee	Unsafe Buildings	Indiana Law Enforcement	D.A.R.E.
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ 8,850	\$ -	\$ -	\$ -
Intergovernmental	-	13,182	13,185	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	13,182	13,185	8,850	-	-	-
Disbursements:							
General government	-	-	-	19,341	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	565	4,030	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Total disbursements	-	565	4,030	19,341	-	-	-
Excess (deficiency) of receipts over disbursements	-	12,617	9,155	(10,491)	-	-	-
Other financing sources (uses)							
Bond and note proceeds	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	12,617	9,155	(10,491)	-	-	-
Cash and investment fund balance - beginning	(149)	11,314	10,008	24,586	2,175	(1)	100
Cash and investment fund balance - ending	<u>(149)</u>	<u>23,931</u>	<u>19,163</u>	<u>14,095</u>	<u>2,175</u>	<u>(1)</u>	<u>100</u>
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	\$ (149)	\$ -	\$ -	\$ -	\$ -	\$ (1)	\$ -
Restricted assets:							
Cash and investments	-	23,931	19,163	14,095	2,175	-	100
Total cash and investment assets - December 31	<u>(149)</u>	<u>23,931</u>	<u>19,163</u>	<u>14,095</u>	<u>2,175</u>	<u>(1)</u>	<u>100</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Highway and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-	100
Health and welfare	-	23,931	19,163	-	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	-	-	-	14,095	2,175	-	-
Unrestricted	(149)	-	-	-	-	(1)	-
Total cash and investment fund balance - December 31	<u>(149)</u>	<u>23,931</u>	<u>19,163</u>	<u>14,095</u>	<u>2,175</u>	<u>(1)</u>	<u>100</u>

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 (Continued)

	Local Emergency Planning	Victim's Assistance	Federal Forfeitures	Juvenile Accountability Grant	Drug Free Communities	Hazardous Substance	Sales Disclosure (County)
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	14,424	-	-	15,000	51,777	-	-
Charges for services	-	-	-	-	-	-	3,810
Fines and forfeits	-	-	-	-	17,595	-	-
Other	-	-	30	-	1,349	-	-
Total receipts	14,424	-	30	15,000	70,721	-	3,810
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	8,054	-	4,364	16,452	90,825	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Total disbursements	8,054	-	4,364	16,452	90,825	-	-
Excess (deficiency) of receipts over disbursements	6,370	-	(4,334)	(1,452)	(20,104)	-	3,810
Other financing sources (uses)							
Bond and note proceeds	-	-	-	-	-	-	-
Transfers in	-	-	-	1,111	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	1,111	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,370	-	(4,334)	(341)	(20,104)	-	3,810
Cash and investment fund balance - beginning	28,062	3,652	4,362	349	58,899	22,750	8,683
Cash and investment fund balance - ending	\$ 34,432	\$ 3,652	\$ 28	\$ 8	\$ 38,795	\$ 22,750	\$ 12,493
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	34,432	3,652	28	8	38,795	22,750	12,493
Total cash and investment assets - December 31	\$ 34,432	\$ 3,652	\$ 28	\$ 8	\$ 38,795	\$ 22,750	\$ 12,493
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Highway and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	34,432	3,652	28	8	38,795	-	-
Health and welfare	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	22,750	12,493
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 34,432	\$ 3,652	\$ 28	\$ 8	\$ 38,795	\$ 22,750	\$ 12,493

POSEY COUNTY  
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 (Continued)

	Tobacco Master Settlement	Community Emergency Response Grant	Family Violence	Counter- Terrorism Response Grant	Wastewater Study- Wadesville/ Blairsville	Wadesville/ Blairsville- Sewer	Children's Psychiatric Residential Treatment Services
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 89,706
Intergovernmental	19,303	-	17,485	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	6	-	-	-	-	-	-
Total receipts	<u>19,309</u>	<u>-</u>	<u>17,485</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>89,706</u>
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	33	14,967	20,454	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	21,640	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	32	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Total disbursements	<u>21,640</u>	<u>33</u>	<u>14,967</u>	<u>20,454</u>	<u>-</u>	<u>32</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(2,331)</u>	<u>(33)</u>	<u>2,518</u>	<u>(20,454)</u>	<u>-</u>	<u>(32)</u>	<u>89,706</u>
Other financing sources (uses)							
Bond and note proceeds	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(89,633)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(89,633)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(2,331)</u>	<u>(33)</u>	<u>2,518</u>	<u>(20,454)</u>	<u>-</u>	<u>(32)</u>	<u>73</u>
Cash and investment fund balance - beginning	<u>38,745</u>	<u>2,018</u>	<u>3,767</u>	<u>20,454</u>	<u>(20,000)</u>	<u>32</u>	<u>90,016</u>
Cash and investment fund balance - ending	<u>\$ 36,414</u>	<u>\$ 1,985</u>	<u>\$ 6,285</u>	<u>\$ -</u>	<u>\$ (20,000)</u>	<u>\$ -</u>	<u>\$ 90,089</u>
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ (20,000)	\$ -	\$ -
Restricted assets:							
Cash and investments	<u>36,414</u>	<u>1,985</u>	<u>6,285</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,089</u>
Total cash and investment assets - December 31	<u>\$ 36,414</u>	<u>\$ 1,985</u>	<u>\$ 6,285</u>	<u>\$ -</u>	<u>\$ (20,000)</u>	<u>\$ -</u>	<u>\$ 90,089</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Highway and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	1,985	6,285	-	-	-	-
Health and welfare	36,414	-	-	-	-	-	90,089
Debt service	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,000)</u>	<u>-</u>	<u>-</u>
Total cash and investment fund balance - December 31	<u>\$ 36,414</u>	<u>\$ 1,985</u>	<u>\$ 6,285</u>	<u>\$ -</u>	<u>\$ (20,000)</u>	<u>\$ -</u>	<u>\$ 90,089</u>

POSEY COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
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 BALANCES - CASH AND INVESTMENT BASIS  
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 For The Year Ended December 31, 2005  
 (Continued)

	2004 Equipment Grant/LETPP	Race and Gender Fairness Grant	Dungeon Treasurers Grant	CDBG Grant- Courthouse	CDBG- Housing Needs Assessment	Electronic Voting Machines	Jail Maintenance
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	10,825	1,000	-	14,000	12,025	314,000	-
Charges for services	-	-	-	-	-	-	109,910
Fines and forfeits	-	-	-	-	-	-	-
Other	367	-	-	-	-	-	-
<b>Total receipts</b>	<b>11,192</b>	<b>1,000</b>	<b>-</b>	<b>14,000</b>	<b>12,025</b>	<b>314,000</b>	<b>109,910</b>
Disbursements:							
General government	-	544	3,837	-	-	613,207	-
Public safety	68,777	-	-	-	-	-	42,528
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	12,025	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	14,000	-	-	-
<b>Total disbursements</b>	<b>68,777</b>	<b>544</b>	<b>3,837</b>	<b>14,000</b>	<b>12,025</b>	<b>613,207</b>	<b>42,528</b>
Excess (deficiency) of receipts over disbursements	(57,585)	456	(3,837)	-	-	(299,207)	67,382
Other financing sources (uses)							
Bond and note proceeds	-	-	-	-	-	386,700	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>386,700</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(57,585)	456	(3,837)	-	-	87,493	67,382
Cash and investment fund balance - beginning	57,585	1,500	3,837	-	-	-	-
Cash and investment fund balance - ending	\$ -	\$ 1,956	\$ -	\$ -	\$ -	\$ 87,493	\$ 67,382
<b>Cash and Investment Assets - December 31</b>							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	-	1,956	-	-	-	87,493	67,382
<b>Total cash and investment assets - December 31</b>	<b>\$ -</b>	<b>\$ 1,956</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 87,493</b>	<b>\$ 67,382</b>
<b>Cash and Investment Fund Balance - December 31</b>							
Restricted for:							
Highway and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-	67,382
Health and welfare	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	-	1,956	-	-	-	87,493	-
Unrestricted	-	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<b>\$ -</b>	<b>\$ 1,956</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 87,493</b>	<b>\$ 67,382</b>

POSEY COUNTY  
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	Indiana Citizen Corporation Grant	EMA Technology Equipment Grant	Homeland Security Equipment Grant	EMS Computer Technology Grant	Lease Rental Jail	General Drain Improvement	Totals
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 566,168
Intergovernmental	372	1,691	34,483	3,593	-	-	873,816
Charges for services	-	-	-	-	-	-	632,662
Fines and forfeits	-	-	-	-	-	-	181,472
Other	-	-	-	-	-	-	1,981
Total receipts	<u>372</u>	<u>1,691</u>	<u>34,483</u>	<u>3,593</u>	<u>-</u>	<u>-</u>	<u>2,256,099</u>
Disbursements:							
General government	-	1,690	-	3,587	-	-	852,686
Public safety	372	-	34,483	-	-	-	795,681
Highways and streets	-	-	-	-	-	-	263,435
Health and welfare	-	-	-	-	-	-	412,832
Urban redevelopment and housing	-	-	-	-	-	-	12,057
Debt service:							
Principal	-	-	-	-	-	-	103,400
Interest	-	-	-	-	-	-	8,822
Capital outlay:							
General government	-	-	-	-	-	75,908	89,908
Total disbursements	<u>372</u>	<u>1,690</u>	<u>34,483</u>	<u>3,587</u>	<u>-</u>	<u>75,908</u>	<u>2,538,821</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>1</u>	<u>-</u>	<u>6</u>	<u>-</u>	<u>(75,908)</u>	<u>(282,722)</u>
Other financing sources (uses)							
Bond and note proceeds	-	-	-	-	-	-	386,700
Transfers in	-	-	-	-	-	-	2,092
Transfers out	-	-	-	-	-	-	(924,353)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(535,561)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>1</u>	<u>-</u>	<u>6</u>	<u>-</u>	<u>(75,908)</u>	<u>(818,283)</u>
Cash and investment fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,728</u>	<u>83,503</u>	<u>2,170,462</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ 1,728</u>	<u>\$ 7,595</u>	<u>\$ 1,352,179</u>
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (20,150)
Restricted assets:							
Cash and investments	-	1	-	6	1,728	7,595	1,372,329
Total cash and investment assets - December 31	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ 1,728</u>	<u>\$ 7,595</u>	<u>\$ 1,352,179</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Highway and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,342
Public safety	-	-	-	-	-	-	416,742
Health and welfare	-	-	-	-	-	-	531,269
Debt service	-	-	-	-	1,728	-	1,728
Other purposes	-	1	-	6	-	7,595	357,248
Unrestricted	-	-	-	-	-	-	(20,150)
Total cash and investment fund balance - December 31	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ 1,728</u>	<u>\$ 7,595</u>	<u>\$ 1,352,179</u>

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

	<u>Tax Sale Redemption</u>	<u>Tax Sale Surplus</u>	<u>State Fees</u>	<u>Inheritance Tax</u>	<u>Surplus Tax</u>	<u>Congressional Interest</u>
Additions:						
Agency fund additions	\$ 108,561	\$ 62,137	\$ 64,772	\$ 715,714	\$ 32,482	\$ 958
Deductions:						
Agency fund deductions	<u>108,313</u>	<u>83,414</u>	<u>63,688</u>	<u>601,665</u>	<u>35,388</u>	<u>1,781</u>
Excess (deficiency) of total additions over total deductions	248	(21,277)	1,084	114,049	(2,906)	(823)
Cash and investment fund balance - beginning	<u>-</u>	<u>97,574</u>	<u>6,377</u>	<u>137,628</u>	<u>29,906</u>	<u>31,604</u>
Cash and investment fund balance - ending	<u>\$ 248</u>	<u>\$ 76,297</u>	<u>\$ 7,461</u>	<u>\$ 251,677</u>	<u>\$ 27,000</u>	<u>\$ 30,781</u>

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

	<u>Excise and Wheel Tax</u>	<u>County Sheriff</u>	<u>Tax Distributions</u>	<u>Payroll Withholdings</u>	<u>Payroll Clearing</u>	<u>Clerk of the Circuit Court</u>
Additions:						
Agency fund additions	\$ 555,939	\$ 472,838	\$ 39,036,504	\$ 1,403	\$ 3,469,252	\$ 2,793,637
Deductions:						
Agency fund deductions	<u>555,939</u>	<u>474,617</u>	<u>38,931,659</u>	<u>1,403</u>	<u>3,673,119</u>	<u>2,829,351</u>
Excess (deficiency) of total additions over total deductions	-	(1,779)	104,845	-	(203,867)	(35,714)
Cash and investment fund balance - beginning	<u>-</u>	<u>2,486</u>	<u>104,849</u>	<u>(23)</u>	<u>338,960</u>	<u>239,929</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 707</u>	<u>\$ 209,694</u>	<u>\$ (23)</u>	<u>\$ 135,093</u>	<u>\$ 204,215</u>

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

	Welfare Trust	County Recorder	County Treasurer	Coroner's Training Continuing Education	Surplus Dog Tax	Education Plate Fees
Additions:						
Agency fund additions	\$ 3,186	\$ 150,580	\$ 48,162,801	\$ 917	\$ 1,109	\$ 1,669
Deductions:						
Agency fund deductions	3,961	139,041	48,150,288	833	1,109	1,444
Excess (deficiency) of total additions over total deductions	(775)	11,539	12,513	84	-	225
Cash and investment fund balance - beginning	3,784	(11,077)	166,317	-	-	-
Cash and investment fund balance - ending	<u>\$ 3,009</u>	<u>\$ 462</u>	<u>\$ 178,830</u>	<u>\$ 84</u>	<u>\$ -</u>	<u>\$ 225</u>

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

	Retainage Reassessment	Building Commission	Emergency Medical Services	Board of Health	Area Plan Commission	Total
Additions:						
Agency fund additions	\$ -	\$ 63,767	\$ 456,815	\$ 11,167	\$ 2,792	\$ 96,169,000
Deductions:						
Agency fund deductions	-	63,767	456,815	11,186	2,792	96,191,573
Excess (deficiency) of total additions over total deductions	-	-	-	(19)	-	(22,573)
Cash and investment fund balance - beginning	2,272	-	-	91	-	1,150,677
Cash and investment fund balance - ending	<u>\$ 2,272</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72</u>	<u>\$ -</u>	<u>\$ 1,128,104</u>

POSEY 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:

<u>Description of Asset</u>	<u>Present Value of Net Minimum Lease Payments</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
E-911 Equipment	<u>\$ 817,167</u>	<u>\$ 91,005</u>	<u>\$ 91,005</u>
		<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:			
Notes and loans payable		\$ 700,205	\$ 220,474
Bonds payable:			
Revenue bonds:			
Cumulative Capital Development Revenue Bonds of 2005		<u>1,790,000</u>	<u>-</u>
Total governmental activities long-term debt		<u>\$ 2,490,205</u>	<u>\$ 220,474</u>

POSEY COUNTY  
OTHER REPORTS

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

County Auditor  
County Sheriff

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 POSEY COUNTY, INDIANA

Compliance

We have audited the compliance of Posey 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.

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)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with 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. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

September 26, 2006

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

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Indiana Housing Finance Authority Community Development Block Grants/State's Program	14.228		
Housing Needs Assessment		PN-003-022	\$ 12,025
Courthouse Renovation Project		PL-01-052	14,000
Total for federal grantor agency			<u>26,025</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Pass-Through Indiana Criminal Justice Institute Juvenile Accountability Incentive Block Grant	16.523		
		03-JB-048	14,992
Crime Victim Assistance	16.575		
		04-VA-130	14,967
Total for federal grantor agency			<u>29,959</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation Highway Planning and Construction Bridge Inspection	20.205		
		BR-NBIS(454)	3,200
Pass-Through Indiana Department of Homeland Security Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		
		HMEP	4,500
Total for federal grantor agency			<u>7,700</u>
<u>U.S. GENERAL SERVICES ADMINISTRATION</u>			
Pass-Through Indiana Secretary of State Election Reform Payments Voting Machines	39.011		
		HAVA-Section 102	100,069
<u>U.S. ELECTION ASSISTANCE COMMISSION</u>			
Pass-Through Indiana Secretary of State Help America Vote Act Requirements Payments Voting Machines	90.401		
		HAVA-Title III	198,231
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through Indiana Family and Social Services Administration Child Support Enforcement	93.563		
		Collection Incentives	39,549
		Indirect Costs	37,774
		Prosecutor Expense	80,366
		Clerk Expense	34,770
Total for federal grantor agency			<u>192,459</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security Homeland Security Cluster State Domestic Preparedness Equipment Support Program	97.004		
		FY03 Parts 1 & 2	2,759
		CBRNE-FY04	20,304
		SHSP	27,034
		LETPP	30,541
		CC-4-811	372
Total for cluster			<u>81,010</u>
State Domestic Preparedness Equipment Support Program	97.004		
		Livescan TP 3500	34,483
Public Assistance Grants Surveyor Highway	97.036		
		Disaster #1573	12,870
		Disaster #1573	124,403
		Disaster #3197	30,349
Total for Program			<u>167,622</u>
Community Emergency Response Teams	97.054		
		CERT	33
Total for federal grantor agency			<u>283,115</u>
Total federal awards expended			<u>\$ 837,591</u>

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

POSEY COUNTY  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Posey 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.

POSEY COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Qualified

Internal control over financial reporting:  
 Material weaknesses identified? no  
 Reportable conditions identified that are not considered to be material weaknesses? none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:  
 Material weaknesses identified? no  
 Reportable conditions identified that are not considered to be material weaknesses? none reported

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? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
39.011	Election Reform Payments
90.401	Help America Vote Act Requirements Payments
97.036	Public Assistance Grants

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

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

POSEY COUNTY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

POSEY COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on October 2, 2006, with Martin R. Redman, Commissioner; Dallas S. Robinson, President of the County Council; and Joleen R. Elpers, Auditor. Our audit disclosed no material items that warrant comment at this time.