

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

ANNUAL FINANCIAL REPORT

2005

HENRY COUNTY, INDIANA



FILED

11/21/2006

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Linda S. Ratcliff	01-01-03 to 12-31-06
Treasurer	Debra Walker	01-01-03 to 12-31-06
Clerk	Patricia French	01-01-03 to 12-31-06
Sheriff	Kim Cronk	01-01-03 to 12-31-06
Recorder	Teri Pope	01-01-03 to 12-31-06
President of the Board of County Commissioners	Phillip J. Estridge Don L. Shaw Larry D. Hale	01-01-05 to 01-26-05 01-27-05 to 12-31-05 01-01-06 to 12-31-06
President of the County Council	Robert L. Veach	01-01-05 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF HENRY COUNTY, INDIANA

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

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

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

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

In our opinion, except that the omission of the component units of the County referred to in the preceding paragraph results in incomplete presentation, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, the business-type 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 13, 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

September 13, 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 HENRY COUNTY, INDIANA

We have audited the financial statements of Henry County (County), as of and for the year ended December 31, 2005, and have issued our report thereon dated September 13, 2006. The opinion to the financial statements was qualified due to the omission of financial data of the component unit. 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 September 13, 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 13, 2006

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

Functions/Programs	Program Receipts			Net (Disbursement) Receipt and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 9,091,373	\$ 1,372,293	\$ 382,887	\$ (7,336,193)	\$ -	\$ (7,336,193)
Public safety	9,208,536	4,396,110	706,992	(4,105,434)	-	(4,105,434)
Highways and streets	5,869,328	98,107	5,092,240	(678,981)	-	(678,981)
Sanitation	65,000	-	-	(65,000)	-	(65,000)
Health and welfare	6,012,363	77,739	136,040	(5,798,584)	-	(5,798,584)
Economic development	1,193,382	-	262,256	(931,126)	-	(931,126)
Culture and recreation	1,185,099	300,424	4,155	(880,520)	-	(880,520)
Interest on long-term debt	1,173,523	-	-	(1,173,523)	-	(1,173,523)
Total governmental activities	<u>33,798,604</u>	<u>6,244,673</u>	<u>6,584,570</u>	<u>(20,969,361)</u>	<u>-</u>	<u>(20,969,361)</u>
Business-type activities:						
Health insurance reserve	-	-	-	-	(124,568)	(124,568)
Total primary government	<u>\$ 33,798,604</u>	<u>\$ 6,244,673</u>	<u>\$ 6,584,570</u>	<u>(20,969,361)</u>	<u>(124,568)</u>	<u>(21,093,929)</u>
General receipts:						
Property taxes				12,113,997	-	12,113,997
Other local sources				6,441,530	-	6,441,530
Unrestricted investment earnings				481,173	-	481,173
Miscellaneous				2,120,668	-	2,120,668
Total general receipts				<u>21,157,368</u>	<u>-</u>	<u>21,157,368</u>
Change in net assets				188,007	(124,568)	63,439
Net assets - beginning				11,943,829	1,573,419	13,517,248
Net assets - ending				<u>\$ 12,131,836</u>	<u>\$ 1,448,851</u>	<u>\$ 13,580,687</u>
<u>Assets</u>						
Cash and investments				\$ 1,605,574	\$ -	\$ 1,605,574
Restricted assets:						
Cash and investments				10,526,262	1,448,851	11,975,113
Total assets				<u>\$ 12,131,836</u>	<u>\$ 1,448,851</u>	<u>\$ 13,580,687</u>
<u>Net Assets</u>						
Restricted for:						
Public safety				\$ 1,826,847	\$ -	\$ 1,826,847
Highways and streets				844,511	-	844,511
Health and welfare				3,566,861	-	3,566,861
Culture and recreation				242,609	-	242,609
Economic development				464,826	-	464,826
Debt service				2,000,756	-	2,000,756
Other purposes				1,579,852	1,448,851	3,028,703
Unrestricted				1,605,574	-	1,605,574
Total net assets				<u>\$ 12,131,836</u>	<u>\$ 1,448,851</u>	<u>\$ 13,580,687</u>

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

HENRY 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 Children	Food and Beverage Debt Service	Other Governmental Funds	Totals
Receipts:					
Taxes	\$ 4,802,947	\$ 3,939,750	\$ -	\$ 3,371,300	\$ 12,113,997
Special assessments	-	-	-	109,705	109,705
Licenses and permits	69,494	-	-	65,533	135,027
Intergovernmental	143,956	1,027,831	-	5,412,783	6,584,570
Charges for services	1,112,193	-	-	4,440,568	5,552,761
Fines and forfeits	283,369	-	-	163,811	447,180
Other local sources	4,378,256	446,682	417,995	1,198,597	6,441,530
Miscellaneous	1,751,647	238,873	49,248	562,073	2,601,841
Total receipts	12,541,862	5,653,136	467,243	15,324,370	33,986,611
Disbursements:					
General government	7,116,038	-	-	909,928	8,025,966
Public safety	4,127,510	-	-	4,904,539	9,032,049
Highways and streets	-	-	-	5,834,240	5,834,240
Sanitation	65,000	-	-	-	65,000
Health and welfare	394,386	3,821,820	-	1,303,157	5,519,363
Culture and recreation	57,591	-	-	1,013,383	1,070,974
Economic development	50,000	-	-	37,260	87,260
Debt service:					
Principal	572,984	-	110,000	1,001,152	1,684,136
Interest	72,540	-	105,030	995,953	1,173,523
Capital outlay:					
Highways and streets	-	-	-	288,971	288,971
Economic development	-	-	964,341	52,781	1,017,122
Total disbursements	12,456,049	3,821,820	1,179,371	16,341,364	33,798,604
Excess (deficiency) of receipts over disbursements	85,813	1,831,316	(712,128)	(1,016,994)	188,007
Cash and investment fund balance - beginning	1,519,761	1,193,281	2,427,158	6,803,629	11,943,829
Cash and investment fund balance - ending	\$ 1,605,574	\$ 3,024,597	\$ 1,715,030	\$ 5,786,635	\$ 12,131,836
Cash and Investment Assets - December 31					
Cash and investments	\$ 1,605,574	\$ -	\$ -	\$ -	\$ 1,605,574
Restricted assets:					
Cash and investments	-	3,024,597	1,715,030	5,786,635	10,526,262
Total cash and investment assets - December 31	\$ 1,605,574	\$ 3,024,597	\$ 1,715,030	\$ 5,786,635	\$ 12,131,836
Cash and Investment Fund Balance - December 31					
Restricted for:					
Public safety	\$ -	\$ -	\$ -	\$ 1,826,847	\$ 1,826,847
Highways and streets	-	-	-	844,511	844,511
Health and welfare	-	3,024,597	-	542,264	3,566,861
Culture and recreation	-	-	-	242,609	242,609
Economic development	-	-	-	464,826	464,826
Debt service	-	-	1,715,030	285,726	2,000,756
Other purposes	-	-	-	1,579,852	1,579,852
Unrestricted	1,605,574	-	-	-	1,605,574
Total cash and investment fund balance - December 31	\$ 1,605,574	\$ 3,024,597	\$ 1,715,030	\$ 5,786,635	\$ 12,131,836

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

HENRY 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 Service Fund</u>
Operating receipts:	
Other	\$ 1,627,916
Operating disbursements:	
Miscellaneous disbursements	<u>1,752,484</u>
Deficiency of operating receipts over operating disbursements	<u>(124,568)</u>
Cash and investment fund balance - beginning	<u>1,573,419</u>
Cash and investment fund balance - ending	<u>\$ 1,448,851</u>
<u>Cash and Investment Assets - December 31</u>	
Restricted assets:	
Cash and investments	<u>\$ 1,448,851</u>
<u>Cash and Investment Fund Balance - December 31</u>	
Restricted for:	
Other purposes	<u>\$ 1,448,851</u>

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

HENRY 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	\$ 228,000	\$ -	\$ -
Plan members	<u>49,175</u>	<u>-</u>	<u>-</u>
Total contributions	<u>277,175</u>	<u>-</u>	<u>-</u>
Investment earnings:			
Interest and dividends	<u>224,903</u>	<u>-</u>	<u>-</u>
Agency fund additions	<u>-</u>	<u>-</u>	<u>136,682,723</u>
Total additions	<u>502,078</u>	<u>-</u>	<u>136,682,723</u>
Deductions:			
Benefits	96,757	-	-
Refunds of contributions	17,850	-	-
Administrative and general	66,642	-	-
Agency fund deductions	<u>-</u>	<u>-</u>	<u>135,509,075</u>
Total deductions	<u>181,249</u>	<u>-</u>	<u>135,509,075</u>
Excess of total additions over total deductions	320,829	-	1,173,648
Cash and investment fund balance - beginning	<u>2,859,761</u>	<u>21,969</u>	<u>1,969,713</u>
Cash and investment fund balance - ending	<u>\$ 3,180,590</u>	<u>\$ 21,969</u>	<u>\$ 3,143,361</u>

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

HENRY 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:	Henry County
Discretely Presented Component Unit:	Henry County Hospital

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

The Henry County Hospital, a discretely presented 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 Henry County Alcoholic Beverage Board, New Castle-Henry County Aviation Commission, New Castle/Henry County Redevelopment Commission, South Henry Regional Waste Water District, Spiceland Township Library Board, and New Castle-Henry County Public Library Board.

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 nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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.

HENRY 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 financial resources used in the aid of needy individuals and families.

The food and beverage debt service fund accounts for the revenues of the Henry County Food and Beverage Tax that are used to pay the debt service requirements on bonds issued to finance the construction, renovation and improvements of certain tourism and economic development projects in the County.

Additionally, the County reports the following fund types:

The internal service fund accounts for a self-funded health insurance program which is provided to other departments on a cost-reimbursement basis.

The pension trust fund accounts for the activities of the sheriff's pension program, which accumulates resources for pension benefit payments.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the schools in Henry County.

Agency funds account for assets held by the County as an agent for the state, other local governmental units in Henry County, and companies providing employment benefits to the employees of Henry 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

HENRY COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 (enterprise funds) or other departments or agencies primarily within the government (internal service funds).

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.

HENRY COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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).

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

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.

HENRY 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.

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. 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 had the following investments:

Investment Type	Sheriff's Retirement and Benefit Pension Plans
Mutual Funds	\$ 403,438
Corporate Stock	1,894,954
U.S. Treasuries and Securities	553,460
Corporate Bonds	501,750
Total	\$ 3,353,602

HENRY COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The County does not have a formal investment policy for custodial credit risk for investments. At December 31, 2005, the County held no investments in mutual funds, common stock, corporate bonds and treasury notes.

The Sheriff's Merit Board has not adopted an investment policy for custodial credit risk for investments. At December 31, 2005, the Sheriff's Retirement and Benefit Pension Plans held investments in Mutual Funds, Corporate Stock, U.S. Treasuries and Securities, and Corporate Bonds in the amount of \$ 3,353,602. Of these investments \$0 are held by the investment's counterparty, not in the name of the Sheriff's Pension Plan.

HENRY COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County must follow state statute and limit the stated final maturities of the investments to no more than two years.

The Sheriff's Pension Board has not adopted a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses.

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.

Standard and Poor's Rating	Sheriff's Retirement and Benefit Pension Plans Corporate Bonds
AAA	\$ 49,319
AA	5,321
AA-	17,899
A+	72,410
A	134,949
A-	50,334
BBB+	31,192
B+	3,730
B	1,950
CCC+	11,218
CCC	3,975
Unrated	119,453
Total	\$ 501,750

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. More than 5 % of the Sheriff's Retirement and Benefit investments are in mutual funds, corporate stock, and corporate bonds. These investments represent 12%, 56%, 15%, respectively of the total investment.

HENRY COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Foreign Currency Risk

The County does not have a formal policy in regards to foreign currency risk, but does not have any foreign currency related investments.

The Sheriff's Merit Board has not adopted a formal policy in regards to foreign currency risk. The foreign currency related to this investment is in foreign stock and the investment has a fair value of \$6,927.

B. Interfund Transfers

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>2005</u>
Youth Center General	Youth Center Transportation Grant	\$ 25,096
Youth Center Transportation Grant	Youth Center General	25,096
Community Services	Community Services - Corrections	175,662
Community Services - Corrections	Community Transition Program	39,280
Community Corrections - Home Detention	Community Transition Program	20,000
Community Transition Program	Community Services	35,663
Welfare Emergency Loan	Welfare Bond Proceeds	27,434
Emergency Planning Right to Know	First Responders Sub Grant - EMA	20
Redevelopment Commission Capital Projects	Redevelopment Commission Debt Service	<u>177,051</u>
Total		<u>\$ 525,302</u>

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; 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 Benefits to Employees, Retirees and Dependents

The County has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees and dependents. The risk financing fund is accounted for in the Health Insurance Reserve 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 \$50,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years.

HENRY COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 Injury to Employees

During 1998, the County joined with other governmental entities in the Indiana Public Employer's Plan, a public entity risk pool currently operating as a common risk management and insurance program for 790 member governmental entities. This risk pool was formed in 1989. 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 County pays an annual premium to the risk pool for its job related illness or injury to employees 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.

B. Related Party Transactions

During the period for which financial statements are presented, the County had material transactions with Henry County Government Center Building Corporation and the Henry County Juvenile Center Building Corporation in relation to lease payments in the amount of \$829,000 and \$637,000, respectively. As of December 31, 2005, the amount of \$22,849,000 and \$637,000 was due to the Henry County Government Center Building Corporation and the Henry County Juvenile Center Building Corporation, respectively.

C. Holding Corporations

The County has entered into a capital lease with the Henry County Government 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 \$829,000.

The County has entered into a capital lease with the Henry County Juvenile 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 \$637,000.

D. Postemployment Benefits

In addition to the pension benefits described below, the County provides postemployment health insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the County on or after attaining age 55 with at least 12 years of service. Currently, 32 retirees meet these eligibility requirements. The County and retirees provides 50 to 90% and 50 to 10%, respectively, of these postemployment benefits based on years of service. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. Disbursements for postemployment benefits cannot be reasonably estimated.

HENRY COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Administration of Welfare Programs

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

F. Pension Plans

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

1. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

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

HENRY COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Actuarial Information for the Above Plans

	<u>PERF</u>	<u>County Police Retirement Plan</u>	<u>County Police Benefit Plan</u>
Annual required contribution	\$ 362,536	\$ 189,488	\$ 43,413
Interest on net pension obligation	(24,963)	6,455	-
Adjustment to annual required contribution	<u>28,447</u>	<u>(9,268)</u>	<u>-</u>
Annual pension cost	366,020	186,675	43,413
Contributions made	<u>432,677</u>	<u>184,587</u>	<u>43,413</u>
Increase (decrease) in net pension obligation	(66,657)	2,088	-
Net pension obligation, beginning of year	<u>(344,316)</u>	<u>92,220</u>	<u>-</u>
Net pension obligation, end of year	<u>\$ (410,973)</u>	<u>\$ 94,308</u>	<u>\$ -</u>

HENRY COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

	PERF	County Police Retirement Plan	County Police Benefit Plan
Contribution rates:			
County	5.5%	%	%
Plan members	3%	6%	6%
Actuarial valuation date	07-01-04	01-01-05	01-01-05
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

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-03	\$ 411,012	89%	\$ (248,102)
	06-30-04	316,091	130%	(344,316)
	06-30-05	366,020	137%	(410,973)
County Police Retirement Plan	12-31-03	169,958	81.4%	77,306
	12-31-04	190,272	90.9%	92,220
	12-31-05	186,675	97.4%	94,308
County Police Benefit Plan	12-31-03	45,577	100%	-
	12-31-04	47,290	100%	-
	12-31-05	43,413	100%	-

HENRY 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)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-03	\$ 5,379,588	\$ 5,756,267	\$ (376,679)	93%	\$ 6,425,957	(6%)
07-01-04	5,568,906	6,300,634	(731,728)	88%	6,718,127	(11%)
07-01-05	5,912,220	7,376,997	(1,464,777)	80%	7,329,075	(20%)

Sheriff's Retirement Pension 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)
01-01-01	\$ 1,898,574	\$ 2,119,942	\$ (221,368)	90%	\$ 916,708	(24%)
01-01-02	2,028,049	2,119,942	(91,893)	96%	964,300	(10%)
01-01-03	2,115,199	2,204,579	(89,380)	96%	1,015,359	(9%)
01-01-04	2,294,648	2,406,955	(112,307)	95%	1,057,108	(11%)
01-01-05	2,506,650	2,626,793	(120,143)	95%	1,062,254	(11%)
01-01-06	2,883,256	3,008,479	(125,223)	96%	1,129,565	(11%)

HENRY 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

	Surveyor's Corner Perpetuation	Reassessment New	Recorder's Records Perpetuation	Plat Book	County Debt Service	Electronic Map Generation	Collection Fee Fund
Receipts:							
Taxes	\$ -	\$ 222,428	\$ -	\$ -	\$ 730,336	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	12,472	-	59,795	13,235	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other local sources	-	25,414	-	-	83,264	-	-
Miscellaneous	-	7,011	108	-	-	288	152
Total receipts	12,472	254,853	59,903	13,235	813,600	288	152
Disbursements:							
General government	18,372	390,629	58,051	7,170	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service:							
Principal	-	4,125	-	-	120,000	-	-
Interest	-	279	-	-	709,000	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Total disbursements	18,372	395,033	58,051	7,170	829,000	-	-
Excess (deficiency) of receipts over disbursements	(5,900)	(140,180)	1,852	6,065	(15,400)	288	152
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,900)	(140,180)	1,852	6,065	(15,400)	288	152
Cash and investment fund balance - beginning	20,114	434,211	156,182	57,805	44,445	373	-
Cash and investment fund balance - ending	\$ 14,214	\$ 294,031	\$ 158,034	\$ 63,870	\$ 29,045	\$ 661	\$ 152
Cash and Investment Assets - December 31							
Restricted assets:							
Total cash and investment fund balance - December 31	\$ 14,214	\$ 294,031	\$ 158,034	\$ 63,870	\$ 29,045	\$ 661	\$ 152
Cash and Investment Fund Balance - December 31							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service	-	-	-	-	29,045	-	-
Other purposes	14,214	294,031	158,034	63,870	-	661	152
Total cash and investment fund balance - December 31	\$ 14,214	\$ 294,031	\$ 158,034	\$ 63,870	\$ 29,045	\$ 661	\$ 152

HENRY 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)

	Assessor Disclosure	County Police Pension	Restricted Donation (Local)	Drug Abuse Resistance Education (Local)	Juvenile Probation Services	Adult Probation Services	Adventure Program Fee Fund
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	29,292	10,520	-	-	-
Charges for services	-	-	-	-	12,069	66,485	-
Fines and forfeits	-	-	-	-	-	-	-
Other local sources	-	-	-	-	-	-	-
Miscellaneous	6,770	-	-	-	5,544	24,872	10,000
Total receipts	6,770	-	29,292	10,520	17,613	91,357	10,000
Disbursements:							
General government	11,500	-	23,558	-	-	-	-
Public safety	-	-	-	9,383	12,714	79,231	2,759
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Total disbursements	11,500	-	23,558	9,383	12,714	79,231	2,759
Excess (deficiency) of receipts over disbursements	(4,730)	-	5,734	1,137	4,899	12,126	7,241
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,730)	-	5,734	1,137	4,899	12,126	7,241
Cash and investment fund balance - beginning	17,710	2,350	17,480	1,390	90,666	42,778	9,932
Cash and investment fund balance - ending	\$ 12,980	\$ 2,350	\$ 23,214	\$ 2,527	\$ 95,565	\$ 54,904	\$ 17,173
Cash and Investment Assets - December 31							
Restricted assets:							
Total cash and investment fund balance - December 31	\$ 12,980	\$ 2,350	\$ 23,214	\$ 2,527	\$ 95,565	\$ 54,904	\$ 17,173
Cash and Investment Fund Balance - December 31							
Restricted for:							
Public safety	\$ -	\$ 2,350	\$ -	\$ 2,527	\$ 95,565	\$ 54,904	\$ 17,173
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	12,980	-	23,214	-	-	-	-
Total cash and investment fund balance - December 31	\$ 12,980	\$ 2,350	\$ 23,214	\$ 2,527	\$ 95,565	\$ 54,904	\$ 17,173

HENRY 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)

	Clerk's Record Perpetuation	Pretrial Diversion	Probation Drug Testing	Misdemeanant Fund	Prosecutor Incentive	Youth Center Transportation	Supplemental Public Defender
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	34,328	48,589	80,667	-
Charges for services	7,850	-	-	-	-	-	-
Fines and forfeits	891	50,811	-	-	-	-	17,029
Other local sources	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Total receipts	8,741	50,811	-	34,328	48,589	80,667	17,029
Disbursements:							
General government	3,490	-	-	-	-	-	11,717
Public safety	-	123,465	-	56,345	2,652	93,577	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Total disbursements	3,490	123,465	-	56,345	2,652	93,577	11,717
Excess (deficiency) of receipts over disbursements	5,251	(72,654)	-	(22,017)	45,937	(12,910)	5,312
Other financing sources (uses)							
Transfers in	-	-	-	-	-	25,096	-
Transfers out	-	-	-	-	-	(25,096)	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,251	(72,654)	-	(22,017)	45,937	(12,910)	5,312
Cash and investment fund balance - beginning	17,018	129,996	1,441	39,228	36,263	22,921	18,649
Cash and investment fund balance - ending	<u>\$ 22,269</u>	<u>\$ 57,342</u>	<u>\$ 1,441</u>	<u>\$ 17,211</u>	<u>\$ 82,200</u>	<u>\$ 10,011</u>	<u>\$ 23,961</u>
Cash and Investment Assets - December 31							
Restricted assets:							
Total cash and investment fund balance - December 31	<u>\$ 22,269</u>	<u>\$ 57,342</u>	<u>\$ 1,441</u>	<u>\$ 17,211</u>	<u>\$ 82,200</u>	<u>\$ 10,011</u>	<u>\$ 23,961</u>
Cash and Investment Fund Balance - December 31							
Restricted for:							
Public safety	\$ -	\$ 57,342	\$ 1,441	\$ 17,211	\$ 82,200	\$ 10,011	\$ 23,961
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	22,269	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 22,269</u>	<u>\$ 57,342</u>	<u>\$ 1,441</u>	<u>\$ 17,211</u>	<u>\$ 82,200</u>	<u>\$ 10,011</u>	<u>\$ 23,961</u>

HENRY 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)

	Jury Fee	CASA/GAL	Community Services	Community Services Corrections	Juvenile Day Reporting	Community Transition Program	Youth Center
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	6,614	209,655	-	-	11,479	-
Charges for services	-	-	-	250,110	-	-	2,030,306
Fines and forfeits	15,976	-	-	-	-	-	-
Other local sources	-	-	-	-	-	-	-
Miscellaneous	85	-	-	-	-	-	12,931
Total receipts	16,061	6,614	209,655	250,110	-	11,479	2,043,237
Disbursements:							
General government	11,397	-	-	-	-	90,164	-
Public safety	-	-	152,406	118,103	39,039	-	1,903,064
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	6,614	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Total disbursements	11,397	6,614	152,406	118,103	39,039	90,164	1,903,064
Excess (deficiency) of receipts over disbursements	4,664	-	57,249	132,007	(39,039)	(78,685)	140,173
Other financing sources (uses)							
Transfers in	-	-	175,662	59,280	-	35,663	25,096
Transfers out	-	-	(175,662)	(59,280)	-	(35,663)	(25,096)
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,664	-	57,249	132,007	(39,039)	(78,685)	140,173
Cash and investment fund balance - beginning	52,460	15,310	6,810	438,475	39,039	86,350	287,109
Cash and investment fund balance - ending	\$ 57,124	\$ 15,310	\$ 64,059	\$ 570,482	\$ -	\$ 7,665	\$ 427,282
Cash and Investment Assets - December 31							
Restricted assets:							
Total cash and investment fund balance - December 31	\$ 57,124	\$ 15,310	\$ 64,059	\$ 570,482	\$ -	\$ 7,665	\$ 427,282
Cash and Investment Fund Balance - December 31							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ 570,482	\$ -	\$ 7,665	\$ 427,282
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	57,124	15,310	64,059	-	-	-	-
Total cash and investment fund balance - December 31	\$ 57,124	\$ 15,310	\$ 64,059	\$ 570,482	\$ -	\$ 7,665	\$ 427,282

HENRY 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)

	IBF Youth League Grant	Convention and Tourism	Youth Center School Lunch	County Highway	Local Road and Street	Vehicle Inspection	Lohut Road
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	4,000	-	58,490	2,514,352	491,220	-	930,797
Charges for services	-	-	-	20,000	78,107	1,100	-
Fines and forfeits	-	-	-	-	-	-	-
Other local sources	-	114,376	-	-	-	-	-
Miscellaneous	-	-	110	48,531	66,747	-	-
Total receipts	4,000	114,376	58,600	2,582,883	636,074	1,100	930,797
Disbursements:							
General government	-	-	-	-	-	1,500	-
Public safety	1,512	-	31,846	-	-	-	-
Highways and streets	-	-	-	2,842,549	1,122,505	-	1,060,994
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	112,141	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	35,088	-	-	-
Interest	-	-	-	2,871	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Total disbursements	1,512	112,141	31,846	2,880,508	1,122,505	1,500	1,060,994
Excess (deficiency) of receipts over disbursements	2,488	2,235	26,754	(297,625)	(486,431)	(400)	(130,197)
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,488	2,235	26,754	(297,625)	(486,431)	(400)	(130,197)
Cash and investment fund balance - beginning	-	-	35,068	419,145	500,311	3,920	173,216
Cash and investment fund balance - ending	\$ 2,488	\$ 2,235	\$ 61,822	\$ 121,520	\$ 13,880	\$ 3,520	\$ 43,019
Cash and Investment Assets - December 31							
Restricted assets:							
Total cash and investment fund balance - December 31	\$ 2,488	\$ 2,235	\$ 61,822	\$ 121,520	\$ 13,880	\$ 3,520	\$ 43,019
Cash and Investment Fund Balance - December 31							
Restricted for:							
Public safety	\$ 2,488	\$ -	\$ 61,822	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	121,520	13,880	-	43,019
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	2,235	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	3,520	-
Total cash and investment fund balance - December 31	\$ 2,488	\$ 2,235	\$ 61,822	\$ 121,520	\$ 13,880	\$ 3,520	\$ 43,019

HENRY 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 Bridge	County Health	Health - Tobacco Settlement	Health Bio- Terrorism	Health Department Komen Grant	Local Health Maintenance	Health Department Donations
Receipts:							
Taxes	\$ 411,979	\$ 448,075	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	60,193	-	-	-	-	-
Intergovernmental	128,040	-	24,883	51,870	17,723	31,069	7,355
Charges for services	-	-	847	-	-	16,599	-
Fines and forfeits	-	-	-	-	-	-	-
Other local sources	47,107	51,032	-	-	-	-	-
Miscellaneous	-	12	-	-	-	166	-
Total receipts	587,126	559,312	25,730	51,870	17,723	47,834	7,355
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	808,192	-	-	-	-	-	-
Health and welfare	-	532,376	18,763	76,342	10,095	59,734	7,118
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Total disbursements	808,192	532,376	18,763	76,342	10,095	59,734	7,118
Excess (deficiency) of receipts over disbursements	(221,066)	26,936	6,967	(24,472)	7,628	(11,900)	237
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(221,066)	26,936	6,967	(24,472)	7,628	(11,900)	237
Cash and investment fund balance - beginning	887,158	33,642	36,034	39,495	-	36,505	324
Cash and investment fund balance - ending	\$ 666,092	\$ 60,578	\$ 43,001	\$ 15,023	\$ 7,628	\$ 24,605	\$ 561
Cash and Investment Assets - December 31							
Restricted assets:							
Total cash and investment fund balance - December 31	\$ 666,092	\$ 60,578	\$ 43,001	\$ 15,023	\$ 7,628	\$ 24,605	\$ 561
Cash and Investment Fund Balance - December 31							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	666,092	-	-	-	-	-	-
Health and welfare	-	60,578	43,001	15,023	7,628	24,605	561
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 666,092	\$ 60,578	\$ 43,001	\$ 15,023	\$ 7,628	\$ 24,605	\$ 561

HENRY 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)

	Welfare CPRT	Welfare Emergency Loans	Prosecutor Title IV-D	Clerk Incentive	General Drain Improvement	Drainage Maintenance	Sheriff's Critical Care Unit
Receipts:							
Taxes	\$ 444,986	\$ 626,519	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	21,040	88,665	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	46,069	-	-	-
Charges for services	-	-	-	-	-	-	1,021,068
Fines and forfeits	-	-	-	-	-	-	-
Other local sources	50,412	63,015	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Total receipts	495,398	689,534	-	46,069	21,040	88,665	1,021,068
Disbursements:							
General government	-	-	145	5,050	13,502	150,551	-
Public safety	-	-	-	-	-	-	975,931
Highways and streets	-	-	-	-	-	-	-
Health and welfare	575,753	500	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service:							
Principal	-	493,000	-	-	-	-	31,545
Interest	-	80,368	-	-	-	-	4,444
Capital outlay:							
General government	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Total disbursements	575,753	573,868	145	5,050	13,502	150,551	1,011,920
Excess (deficiency) of receipts over disbursements	(80,355)	115,666	(145)	41,019	7,538	(61,886)	9,148
Other financing sources (uses)							
Transfers in	-	27,434	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	27,434	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(80,355)	143,100	(145)	41,019	7,538	(61,886)	9,148
Cash and investment fund balance - beginning	471,223	-	26,548	40,105	134,594	546,646	65,913
Cash and investment fund balance - ending	\$ 390,868	\$ 143,100	\$ 26,403	\$ 81,124	\$ 142,132	\$ 484,760	\$ 75,061
Cash and Investment Assets - December 31							
Restricted assets:							
Total cash and investment fund balance - December 31	\$ 390,868	\$ 115,666	\$ 26,403	\$ 81,124	\$ 142,132	\$ 484,760	\$ 75,061
Cash and Investment Fund Balance - December 31							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 75,061
Highways and streets	-	-	-	-	-	-	-
Health and welfare	390,868	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service	-	115,666	-	-	-	-	-
Other purposes	-	-	26,403	81,124	142,132	484,760	-
Total cash and investment fund balance - December 31	\$ 390,868	\$ 115,666	\$ 26,403	\$ 81,124	\$ 142,132	\$ 484,760	\$ 75,061

HENRY 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)

	Accident Report	Haz-Mat (Local Donation)	Haz-Mat Response Team Grant	County Drug Free Community	County User Fees	Law Enforcement Continuing Education	Enhanced 911
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	3,140	-	-	-	-	109,487
Charges for services	2,339	-	-	-	-	-	544,294
Fines and forfeits	-	-	-	58,897	1,682	8,334	-
Other local sources	-	-	-	-	-	-	-
Miscellaneous	-	6,230	44	-	-	-	4,772
Total receipts	2,339	9,370	44	58,897	1,682	8,334	658,553
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	1,921	-	-	65,280	52,657	3,201	472,147
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	6,974	5,428	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	129,000
Interest	-	-	-	-	-	-	51,186
Capital outlay:							
General government	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Total disbursements	1,921	6,974	5,428	65,280	52,657	3,201	652,333
Excess (deficiency) of receipts over disbursements	418	2,396	(5,384)	(6,383)	(50,975)	5,133	6,220
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	418	2,396	(5,384)	(6,383)	(50,975)	5,133	6,220
Cash and investment fund balance - beginning	658	84	5,489	61,715	51,317	5,828	78,455
Cash and investment fund balance - ending	<u>\$ 1,076</u>	<u>\$ 2,480</u>	<u>\$ 105</u>	<u>\$ 55,332</u>	<u>\$ 342</u>	<u>\$ 10,961</u>	<u>\$ 84,675</u>
Cash and Investment Assets - December 31							
Restricted assets:							
Total cash and investment fund balance - December 31	<u>\$ 1,076</u>	<u>\$ 2,480</u>	<u>\$ 105</u>	<u>\$ 55,332</u>	<u>\$ 342</u>	<u>\$ 10,961</u>	<u>\$ 84,675</u>
Cash and Investment Fund Balance - December 31							
Restricted for:							
Public safety	\$ 1,076	\$ 2,480	\$ 105	\$ 55,332	\$ -	\$ 10,961	\$ 84,675
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	-	-	-	-	342	-	-
Total cash and investment fund balance - December 31	<u>\$ 1,076</u>	<u>\$ 2,480</u>	<u>\$ 105</u>	<u>\$ 55,332</u>	<u>\$ 342</u>	<u>\$ 10,961</u>	<u>\$ 84,675</u>

HENRY 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)

	Medical Care for Inmates	E-911 Bond	Emergency Planning and Right to Know	Memorial Park	Golf Course General	Park Donation	Safe At Home
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ 172,030	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	12,768	-	-	155	54,404
Charges for services	2,687	-	-	27,796	272,628	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other local sources	-	-	-	338,767	-	-	-
Miscellaneous	-	-	-	892	-	4,047	-
Total receipts	<u>2,687</u>	<u>-</u>	<u>12,768</u>	<u>539,485</u>	<u>272,628</u>	<u>4,202</u>	<u>54,404</u>
Disbursements:							
General government	-	-	8,419	-	-	-	-
Public safety	3,000	-	-	-	-	-	54,404
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	537,111	236,682	3,193	-
Economic development	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	4,125	-	-	-
Interest	-	-	-	279	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Total disbursements	<u>3,000</u>	<u>-</u>	<u>8,419</u>	<u>541,515</u>	<u>236,682</u>	<u>3,193</u>	<u>54,404</u>
Excess (deficiency) of receipts over disbursements	<u>(313)</u>	<u>-</u>	<u>4,349</u>	<u>(2,030)</u>	<u>35,946</u>	<u>1,009</u>	<u>-</u>
Other financing sources (uses)							
Transfers in	-	-	20	-	-	-	-
Transfers out	-	-	(20)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(313)</u>	<u>-</u>	<u>4,349</u>	<u>(2,030)</u>	<u>35,946</u>	<u>1,009</u>	<u>-</u>
Cash and investment fund balance - beginning	<u>1,188</u>	<u>2,976</u>	<u>9,523</u>	<u>100,028</u>	<u>57,047</u>	<u>2,856</u>	<u>4,734</u>
Cash and investment fund balance - ending	<u>\$ 875</u>	<u>\$ 2,976</u>	<u>\$ 13,872</u>	<u>\$ 97,998</u>	<u>\$ 92,993</u>	<u>\$ 3,865</u>	<u>\$ 4,734</u>
<u>Cash and Investment Assets - December 31</u>							
Restricted assets:							
Total cash and investment fund balance - December 31	<u>\$ 875</u>	<u>\$ 2,976</u>	<u>\$ 13,872</u>	<u>\$ 97,998</u>	<u>\$ 92,993</u>	<u>\$ 3,865</u>	<u>\$ 4,734</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Public safety	\$ 875	\$ 2,976	\$ -	\$ -	\$ -	\$ -	\$ 4,734
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	97,998	92,993	3,865	-
Economic development	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	-	-	13,872	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 875</u>	<u>\$ 2,976</u>	<u>\$ 13,872</u>	<u>\$ 97,998</u>	<u>\$ 92,993</u>	<u>\$ 3,865</u>	<u>\$ 4,734</u>

HENRY 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)

	Alter. Dispute Resolution- CC	Alter. Dispute Resolution- Sup	Child Advocacy	Airport Projects	Housing Authority	Cumulative Capital Development	Firearms Training
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 314,947	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	5,340
Intergovernmental	-	-	-	62,004	25,000	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	3,410	3,221	100	-	-	-	-
Other local sources	-	-	-	-	-	35,949	-
Miscellaneous	-	-	-	1,590	-	27,746	-
Total receipts	3,410	3,221	100	63,594	25,000	378,642	5,340
Disbursements:							
General government	-	-	-	51,110	-	-	-
Public safety	1,044	318	-	-	-	-	5,035
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	25,000	-	-
Debt service:							
Principal	-	-	-	-	-	79,327	-
Interest	-	-	-	-	-	5,961	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	288,971	-
Total disbursements	1,044	318	-	51,110	25,000	374,259	5,035
Excess (deficiency) of receipts over disbursements	2,366	2,903	100	12,484	-	4,383	305
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,366	2,903	100	12,484	-	4,383	305
Cash and investment fund balance - beginning	3,580	2,010	650	4,516	-	62,862	2,865
Cash and investment fund balance - ending	\$ 5,946	\$ 4,913	\$ 750	\$ 17,000	\$ -	\$ 67,245	\$ 3,170
Cash and Investment Assets - December 31							
Restricted assets:							
Total cash and investment fund balance - December 31	\$ 5,946	\$ 4,913	\$ 750	\$ 17,000	\$ -	\$ 67,245	\$ 3,170
Cash and Investment Fund Balance - December 31							
Restricted for:							
Public safety	\$ 5,946	\$ 4,913	\$ -	\$ -	\$ -	\$ -	\$ 3,170
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	-	-	750	17,000	-	67,245	-
Total cash and investment fund balance - December 31	\$ 5,946	\$ 4,913	\$ 750	\$ 17,000	\$ -	\$ 67,245	\$ 3,170

HENRY 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)

	Youth Incentive Grant	Just Us for Girls Grant	Drug Task Force Forfeiture	Probation Incentive Grant	Federal IV-D Distribution	Family Court Project	Family Court Grant
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	1,667	31,060	-	-	13,997	31,000	1,150
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other local sources	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-
Total receipts	1,667	31,060	-	-	13,997	31,000	1,150
Disbursements:							
General government	-	10,230	-	-	13,997	24,990	-
Public safety	16,625	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Total disbursements	16,625	10,230	-	-	13,997	24,990	-
Excess (deficiency) of receipts over disbursements	(14,958)	20,830	-	-	-	6,010	1,150
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(14,958)	20,830	-	-	-	6,010	1,150
Cash and investment fund balance - beginning	15,305	-	8,827	1,583	-	4,955	-
Cash and investment fund balance - ending	<u>\$ 347</u>	<u>\$ 20,830</u>	<u>\$ 8,827</u>	<u>\$ 1,583</u>	<u>\$ -</u>	<u>\$ 10,965</u>	<u>\$ 1,150</u>
Cash and Investment Assets - December 31							
Restricted assets:							
Total cash and investment fund balance - December 31	<u>\$ 347</u>	<u>\$ 20,830</u>	<u>\$ 8,827</u>	<u>\$ 1,583</u>	<u>\$ -</u>	<u>\$ 10,965</u>	<u>\$ 1,150</u>
Cash and Investment Fund Balance - December 31							
Restricted for:							
Public safety	\$ 347	\$ 20,830	\$ 8,827	\$ 1,583	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	10,965	1,150
Total cash and investment fund balance - December 31	<u>\$ 347</u>	<u>\$ 20,830</u>	<u>\$ 8,827</u>	<u>\$ 1,583</u>	<u>\$ -</u>	<u>\$ 10,965</u>	<u>\$ 1,150</u>

HENRY 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 Force Grant	CDBG Program (Local Con - Match)	LEP Sub- Grant	Responder Equipment Sub-Grant	First Responder Equipment Grant	Let PP/ EMA Grant	SHSG- Homeland Security
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	139,756	31,500	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other local sources	-	-	-	-	-	-	-
Miscellaneous	83,702	-	44	-	-	-	-
Total receipts	223,458	31,500	44	-	-	-	-
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	136,649	-	195	8,538	22	15,274	82,128
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	9,000	-	-	-	-	-
Debt service:							
Principal	15,942	-	-	-	-	-	-
Interest	1,079	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Total disbursements	153,670	9,000	195	8,538	22	15,274	82,128
Excess (deficiency) of receipts over disbursements	69,788	22,500	(151)	(8,538)	(22)	(15,274)	(82,128)
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	69,788	22,500	(151)	(8,538)	(22)	(15,274)	(82,128)
Cash and investment fund balance - beginning	837	-	220	8,674	22	15,274	84,726
Cash and investment fund balance - ending	\$ 70,625	\$ 22,500	\$ 69	\$ 136	\$ -	\$ -	\$ 2,598
Cash and Investment Assets - December 31							
Restricted assets:							
Total cash and investment fund balance - December 31	\$ 70,625	\$ 22,500	\$ 69	\$ 136	\$ -	\$ -	\$ 2,598
Cash and Investment Fund Balance - December 31							
Restricted for:							
Public safety	\$ 70,625	\$ -	\$ 69	\$ 136	\$ -	\$ -	\$ 2,598
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	22,500	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 70,625	\$ 22,500	\$ 69	\$ 136	\$ -	\$ -	\$ 2,598

HENRY 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)

	Safe-T-1 EMA Grant	EMA/ Hoosier Safety Grant	Livescan EMA Grant	Juvenile Programs Probation Grant	Alcohol and Drug Services	Welfare Bond Proceeds	Sheriff's Commissary
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	1,700	34,483	-	-	-	-
Charges for services	-	-	-	781	-	-	-
Fines and forfeits	-	-	-	-	3,460	-	-
Other local sources	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	218,972
Total receipts	-	1,700	34,483	781	3,460	-	218,972
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	90,713	-	34,483	148	-	-	255,630
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	3,460	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Total disbursements	90,713	-	34,483	148	3,460	-	255,630
Excess (deficiency) of receipts over disbursements	(90,713)	1,700	-	633	-	-	(36,658)
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(27,434)	-
Total other financing sources (uses)	-	-	-	-	-	(27,434)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(90,713)	1,700	-	633	-	(27,434)	(36,658)
Cash and investment fund balance - beginning	90,713	-	-	4,038	-	27,434	67,282
Cash and investment fund balance - ending	\$ -	\$ 1,700	\$ -	\$ 4,671	\$ -	\$ -	\$ 30,624
Cash and Investment Assets - December 31							
Restricted assets:							
Total cash and investment fund balance - December 31	\$ -	\$ 1,700	\$ -	\$ 4,671	\$ -	\$ 27,434	\$ 30,624
Cash and Investment Fund Balance - December 31							
Restricted for:							
Public safety	\$ -	\$ 1,700	\$ -	\$ -	\$ -	\$ -	\$ 30,624
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	27,434	-
Other purposes	-	-	-	4,671	-	-	-
Total cash and investment fund balance - December 31	\$ -	\$ 1,700	\$ -	\$ 4,671	\$ -	\$ 27,434	\$ 30,624

HENRY 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 Force Cash	Convention and Tourism	Redevelopment Commission Administration	Redevelopment Commission Debt Service	Redevelopment Commission Capital Projects	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,371,300
Special assessments	-	-	-	-	-	109,705
Licenses and permits	-	-	-	-	-	65,533
Intergovernmental	-	-	122,500	-	-	5,412,783
Charges for services	-	-	-	-	-	4,440,568
Fines and forfeits	-	-	-	-	-	163,811
Other local sources	-	122,908	-	51,570	214,783	1,198,597
Miscellaneous	2	299	20,894	2,632	6,880	562,073
Total receipts	2	123,207	143,394	54,202	221,663	15,324,370
Disbursements:						
General government	-	-	4,386	-	-	909,928
Public safety	3,100	-	-	-	-	4,904,539
Highways and streets	-	-	-	-	-	5,834,240
Health and welfare	-	-	-	-	-	1,303,157
Culture and recreation	-	124,256	-	-	-	1,013,383
Economic development	-	-	-	3,260	-	37,260
Debt service:						
Principal	-	-	-	89,000	-	1,001,152
Interest	-	-	-	138,886	1,600	995,953
Capital outlay:						
General government	-	-	52,781	-	-	52,781
Economic development	-	-	-	-	-	288,971
Total disbursements	3,100	124,256	57,167	231,146	1,600	16,341,364
Excess (deficiency) of receipts over disbursements	(3,098)	(1,049)	86,227	(176,944)	220,063	(1,016,994)
Other financing sources (uses)						
Transfers in	-	-	-	177,051	-	525,302
Transfers out	-	-	-	-	(177,051)	(525,302)
Total other financing sources (uses)	-	-	-	177,051	(177,051)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,098)	(1,049)	86,227	107	43,012	(1,016,994)
Cash and investment fund balance - beginning	5,878	46,567	80,276	113,474	232,811	6,803,629
Cash and investment fund balance - ending	\$ 2,780	\$ 45,518	\$ 166,503	\$ 113,581	\$ 275,823	\$ 5,786,635
Cash and Investment Assets - December 31						
Restricted assets:						
Total cash and investment fund balance - December 31	\$ 2,780	\$ 45,518	\$ 166,503	\$ 113,581	\$ 275,823	\$ 5,786,635
Cash and Investment Fund Balance - December 31						
Restricted for:						
Public safety	\$ 2,780	\$ -	\$ -	\$ -	\$ -	1,826,847
Highways and streets	-	-	-	-	-	844,511
Health and welfare	-	-	-	-	-	542,264
Culture and recreation	-	45,518	-	-	-	242,609
Economic development	-	-	166,503	-	275,823	464,826
Debt service	-	-	-	113,581	-	285,726
Other purposes	-	-	-	-	-	1,579,852
Total cash and investment fund balance - December 31	\$ 2,780	\$ 45,518	\$ 166,503	\$ 113,581	\$ 275,823	\$ 5,786,635

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

	<u>Wheel Tax</u>	<u>Food and Beverage Tax</u>	<u>Surplus Tax</u>	<u>Surplus Dog</u>	<u>Tax Sale Redemption</u>	<u>Tax Sale Surplus</u>	<u>Surtax</u>
Additions:							
Agency fund additions	\$ 94,068	\$ 417,995	\$ 122,364	\$ 2,962	\$ 25,418	\$ 1,025,759	\$ 1,106,647
Deductions:							
Agency fund deductions	<u>94,068</u>	<u>417,995</u>	<u>131,821</u>	<u>2,962</u>	<u>17,773</u>	<u>191,937</u>	<u>1,106,647</u>
Excess (deficiency) of total additions over total deductions	-	-	(9,457)	-	7,645	833,822	-
Cash and investment fund balance - beginning	<u>-</u>	<u>-</u>	<u>271,789</u>	<u>-</u>	<u>1,522</u>	<u>7,783</u>	<u>-</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 262,332</u>	<u>\$ -</u>	<u>\$ 9,167</u>	<u>\$ 841,605</u>	<u>\$ -</u>

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

	County Payroll	Retirement - Under 65	Medicare Supplemental Retirement	City and Town Court Costs	Welfare Trust	Tax Distributions	Congressional Interest
Additions:							
Agency fund additions	\$ 13,339,452	\$ 4,777	\$ 26,011	\$ 9,188	\$ 5,054	\$ 51,709,128	\$ 1,035
Deductions:							
Agency fund deductions	13,334,218	4,230	25,045	9,188	-	51,722,720	-
Excess (deficiency) of total additions over total deductions	5,234	547	966	-	5,054	(13,592)	1,035
Cash and investment fund balance - beginning	190,348	-	3,012	-	16,024	15,069	17,845
Cash and investment fund balance - ending	<u>\$ 195,582</u>	<u>\$ 547</u>	<u>\$ 3,978</u>	<u>\$ -</u>	<u>\$ 21,078</u>	<u>\$ 1,477</u>	<u>\$ 18,880</u>

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

	Common School Trust	Inheritance Tax	State Fines and Forfeitures	County Health	County Sheriff	Clerk of the Circuit Court	County Probation
Additions:							
Agency fund additions	\$ -	\$ 1,286,951	\$ 70,714	\$ 79,678	\$ 912,874	\$ 5,665,090	\$ 111,602
Deductions:							
Agency fund deductions	-	1,403,573	76,693	79,678	912,874	5,534,642	112,394
Excess (deficiency) of total additions over total deductions	-	(116,622)	(5,979)	-	-	130,448	(792)
Cash and investment fund balance - beginning	1,064	317,054	16,548	50	127	532,908	7,914
Cash and investment fund balance - ending	<u>\$ 1,064</u>	<u>\$ 200,432</u>	<u>\$ 10,569</u>	<u>\$ 50</u>	<u>\$ 127</u>	<u>\$ 663,356</u>	<u>\$ 7,122</u>

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

	Memorial Park	Golf Course	County Recorder	County Treasurer	Inmate Trust	Total
Additions:						
Agency fund additions	\$ 28,776	\$ 274,214	\$ 219,117	\$ 59,397,389	\$ 746,460	\$ 136,682,723
Deductions:						
Agency fund deductions	28,776	274,214	218,789	59,066,942	741,896	135,509,075
Excess (deficiency) of total additions over total deductions	-	-	328	330,447	4,564	1,173,648
Cash and investment fund balance - beginning	50	1	16,221	538,461	15,923	1,969,713
Cash and investment fund balance - ending	<u>\$ 50</u>	<u>\$ 1</u>	<u>\$ 16,549</u>	<u>\$ 868,908</u>	<u>\$ 20,487</u>	<u>\$ 3,143,361</u>

HENRY COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2005

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 267,200
Infrastructure	29,529,654
Buildings	22,651,343
Improvements other than buildings	2,433,695
Machinery and equipment	<u>11,140,975</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 66,022,867</u>

HENRY COUNTY
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2005

CAPITAL LEASES

The County has entered into the following capital leases:

Description of Asset	Present Value of Net Minimum Lease Payments	Ending Balance	Due Within One Year
Government Center Building	\$ 14,830,000	\$ 14,830,000	\$ 1,658,000
Youth Center	<u>600,000</u>	<u>600,000</u>	<u>315,550</u>
Total Capital Leases	<u>\$ 15,430,000</u>	<u>\$ 15,430,000</u>	<u>\$ 1,973,550</u>

BONDS PAYABLE

	Ending Balance	Due Within One Year
Governmental Activities:		
Bonds payable:		
General obligation bonds:		
Family and Children 2003	\$ 123,000	\$ 64,240
Family and Children 2004	1,566,000	538,570
Revenue bonds:		
E-911	1,083,000	135,000
Food and Beverage 2001	1,475,000	90,000
Refinance of Industrial Park	520,000	50,000
Draper/Smith	505,000	25,000
Land for Industrial Park	1,100,000	-
Food and Beverage 2004	<u>925,000</u>	<u>60,000</u>
Total governmental activities long-term debt	<u>\$ 7,297,000</u>	<u>\$ 962,810</u>

HENRY COUNTY
OTHER REPORTS

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

Board of County Commissioners
Prosecuting Attorney
Golf Course
Redevelopment Commission
Emergency Management Agency
Auditor
County Council

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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

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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 HENRY COUNTY, INDIANA

Compliance

We have audited the compliance of the Henry 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 items 2005-1, 2005-2, 2005-3, and 2005-4.

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 requirement(s) 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 13, 2006

HENRY 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 AGRICULTURE</u>			
Pass-Through Indiana Department of Education Child Nutrition Cluster School Breakfast Program	10.555	Year 2005	\$ 20,292
National School Lunch Program		Year 2005	<u>26,678</u>
Total for cluster			<u>46,970</u>
After School Supplemental	10.558	Year 2005	<u>8,725</u>
Total for federal grantor agency			<u>55,695</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Indiana Housing Finance Authority Community Development Block Grant	14.228	PN-004-013	<u>25,000</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Pass-Through Indiana Criminal Justice Institute Juvenile Accountability Block Grant	16.523	02-JB-077 03-JB-028	95,187 <u>14,700</u>
Total for program			<u>109,887</u>
Juvenile Justice and Delinquency Prevention	16.540	04-JF-009	<u>10,230</u>
Victim of Crime Act Victim Assistance	16.575	04-VA-63 05-VA-154	27,202 <u>27,202</u>
Total for program			<u>54,404</u>
Byrne Formula Grant	16.579	03-DB-020	<u>14,986</u>
Total for federal grantor agency			<u>189,507</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation Highway Planning and Construction	20.205	BR-9933-40 BRF-9933-41 BRO-9933-41 BRO-NBIS-33 STP-7433-000 STP-RS7733-01	933 50,503 81,619 43,849 73,007 <u>5,190</u>
Total for program			<u>255,101</u>

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

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

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 TRANSPORTATION (continued)</u>			
Pass-Through Indiana Criminal Justice Institute State and Community Highway Safety	20.600	OP-06-03-58	4,438
Alcohol Traffic Safety and Drunk Driving Prevention	20.601	OP-05-02-03-66	11,342
Total for federal grantor agency			270,881
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through Indiana Family and Social Services Administration Child Support Enforcement Prosecuting Attorney's Expenditures			185,366
Circuit Court Clerk's Expenditures			139,260
Indirect Costs			59,129
Total for federal grantor agency			383,755
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security State Emergency Preparedness Equipment	97.004		
Responder Equipment			195
Responder Equipment			8,538
Responder Equipment			22
Responder Equipment			15,274
State Homeland Security Program			82,128
Safe-T-1-EMA			90,713
Law Enforcement Terrorism Prevention			34,483
Total for program			231,353
Public Assistance Winter Ice Storm and Flooding	97.036		44,373
Community Emergency Response Team Haz-Mat Response Team	97.054		5,428
Total for federal grantor agency			281,154
Total federal awards expended			\$ 1,205,992

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

HENRY 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 Henry 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.

HENRY 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?	no

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 Number	Name of Federal Program or Cluster
93.563	Child Support Enforcement
97.004	State Emergency Preparedness Equipment

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 items are reportable.

HENRY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Findings and Questioned Costs

Finding 2005-1, Inaccurate Support Obligation Balances

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

Title IV-D agencies are required by 45 CFR 303.6 to maintain a system for monitoring compliance with the collection of established child support obligations. The Indiana Family and Social Services Administration requires that counties use the Indiana Support and Enforcement Tracking System (ISETS) for this purpose.

Thirty-five percent of tested ISETS cases were found to have inaccurate account balances. The inaccurate balances result in an inability to meet requirements for properly monitoring compliance with payment of the obligation by the non-custodial parent and exercising of enforcement efforts by the County through the Indiana Support and Enforcement Tracking System, as required under Special Tests and Provisions Requirement - Enforcement of Support Obligations.

The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

The inaccurate sub-account balances could trigger unwarranted enforcement procedures such as improper confiscation of an income tax refund check. Additionally, the State of Indiana and Henry County could have reduced receipts from the federal Title IV-D incentive program in the future.

We recommended that the County maintain and improve procedures to review child support case balances in a timely manner. These procedures should include methods to find, report, and correct errors efficiently and effectively.

Finding 2005-2, Cash Management

Federal Agency: U.S. Department of Homeland Security
Federal Program: State Emergency Preparedness Equipment
CFDA Number: 97.004
Pass-Through: State Emergency Management Agency

Henry County had cash balances on hand at January 1, 2005, and received advance payments during the year 2005 from several different State Emergency Preparedness Grants. Less than 10% of grant advances were expended within 120 days of January 1 (if the balance was on hand at the first of the year) or within 120 days of receipt (if received during the year). No method of calculating and remitting interest earned on excess funds on hand has been established.

HENRY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

OMB Circular A-133 states: "When funds are advanced, recipients must follow procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement. When advance payment procedures are used, recipients must establish similar procedures for subrecipients. . . . Interest earned on advances by local government grantees and subgrantees is required to be submitted promptly, but at least quarterly, to the Federal agency. Up to \$100 per year may be kept for administrative expenses."

These excess funds held at the County level had the effect of making the Federal government pay interest on borrowed money that it would not have had to borrow, had the money not been in a Henry County bank account.

We recommended that the County establish and implement procedures that will minimize the time elapsing between the transfer of funds from the State and disbursement. Also, any interest earned on advances should be submitted promptly to the Federal agency.

Finding 2005-3, Reporting Deficiencies

Federal Agency: U.S. Department of Homeland Security
Federal Program: State Emergency Preparedness Equipment
CFDA Number: 97.004
Pass-Through: State Emergency Management Agency

No copies of reports that were purported to have been submitted to the State Emergency Management Agency were presented for audit.

OMB Circular A-133 states: "Pass-through entities must establish reasonable procedures to ensure receipt of reports on subrecipients' cash balances and cash disbursements in sufficient time to enable the pass-through entities to submit complete and accurate cash transactions reports to the Federal awarding agency or pass-through entity. Pass-through entities must monitor cash drawdowns by their subrecipients to assure that subrecipients conform substantially to the same standards of timing and amount as apply to the pass-through entity."

The lack of preparation, submission, or review by the pass-through agency of reports could lead to the State:

1. Not being aware of possible excess federal cash balances on hand,
2. Not being aware of possible expenditures for items that were not approved,
3. Submitting reports to the Federal government that are not complete.

We recommended that reports be prepared, be timely submitted to the State and for copies of the reports to be maintained and available for audit.

HENRY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Finding 2005-4, Excluded Parties

Federal Agency: U.S. Department of Homeland Security
Federal Program: State Emergency Preparedness Equipment
CFDA Number: 97.004
Pass-Through: State Emergency Management Agency

The Henry County Emergency Management Office purchased items without verifying that the vendor was not on the federal government's list of debarred or suspended parties.

OMB Circular A-133 states: "Effective November 26, 2003, when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transactions with that entity."

The GSA established the EPLS so that firms that did not meet the minimum standards required for federal funds would not benefit from future government programs and the governmental unit would be less likely to receive inferior performance. Also, if excluded parties do not receive the sanctions earned from their previous unsatisfactory performance, it will make it more difficult for the GSA to deter other vendors from substandard performance.

We recommended verifying the status of all vendors before a purchase is made from them.

HENRY COUNTY PROSECUTOR'S OFFICE - CRIMINAL DIVISION

JUSTICE CENTER, SUITE 250

1218 RACE STREET

NEW CASTLE, INDIANA 47362

TELEPHONE: 765 829-4614

TELECOPIER: 765 821-7029

KIT C. DEAN CRANE
PROSECUTOR
53RD JUDICIAL CIRCUIT

JERRY W. MILLER
CHIEF DEPUTY

DEPUTY PROSECUTORS:
JAMES E. MILLIKAN
MICHAEL J. MAHONEY
JOSEPH J. BERGACS
JEREMY BELL

BUTCH BAKER
INVESTIGATOR



July 28, 2006

State Board of Accounts
ATTN: Mr. Bruce Hartman
Audit & Accounting Operations
302 West Washington Street
4th Floor, Room E418
Indianapolis, IN 46204-2765

Dear Mr. Hartman:

Re: REFERENCE 2005-1
CFDA # 93.563

I appreciated an opportunity on July 18 to meet with Mike Wade to discuss your agency's findings with respect to the Indiana Support Enforcement Tracking System (ISETS) and the review of my Child Support Office.

Before addressing specific findings brought to my attention by Mike, I wanted to take this opportunity to once again express grave concerns I have about the child support process in Indiana.

The federal government, by way of the U.S. Department of Health and Human Services, required each of the states to establish a statewide child support computer system by October 1, 1997. In the years prior to 1997, Indiana and other states always received a waiver and were allowed to be exempt from such a requirement. However, in 1997 Indiana and other states were unsuccessful in obtaining a waiver. Therefore, Indiana had to either implement ISETS before it was completely ready or lose certain financing from the federal government.

The "trickle down" effect of the federal government's threat to the State of Indiana was that the State then passed on similar threats to county clerks and prosecutors throughout the state. I remember reluctantly signing off on and agreeing to this ISETS requirement and frankly, it seemed at first to be more trouble than it is worth. However, the State has apparently worked through the more significant defects in the ISETS system and it appears to be worth the effort.

In my letter to you dated June 29, 2005, I indicated to you, among other things, that following the July 2004 resignation of my long time child support office manager, I had promoted my present office manager, Mandy Gossage. I further indicated to you that Mandy was formerly employed in the Delaware County Prosecutor's Child Support Office and brought with her to this office vast experience.

I further indicated to you that I had, in June 2005, noticed significant improvements in the operation of the office since she began managing my Child Support Division.

With all of this being said, I was pleased to learn that our error rate this past year was reduced in half from where it was this time last year. As always, I appreciate the opportunity to have met with Mike and the opportunity to respond in writing to the Schedule of Findings and Questioned Costs. I remain

Respectfully yours,

A handwritten signature in black ink, appearing to read 'Kit C. Dean Crane', with a long horizontal flourish extending to the right.

Kit C. Dean Crane
Prosecuting Attorney

Cc: Hon. Linda Ratcliff, Clerk
Henry Circuit & Superior Courts
Board of Henry County Commissioners

HENRY COUNTY PROSECUTOR'S OFFICE - CRIMINAL DIVISION

JUSTICE CENTER, SUITE 280
1215 RACE STREET

NEW CASTLE, INDIANA 47362

TELEPHONE: 768 528-4814

TELECOPIER: 768 521-7089

KIT C. DEAN CRANE
PROSECUTOR
83RD JUDICIAL CIRCUIT

JERRY W. MILLER
CHIEF DEPUTY

DEPUTY PROSECUTORS:
JAMES E. MILLIKAN
MICHAEL J. MAHONEY
JOSEPH J. BERGACS
JEREMY BELL

BUTCH BAKER
INVESTIGATOR



July 28, 2006

State Board of Accounts
ATTN: Mr. Bruce Hartman
Audit & Accounting Operations
302 West Washington Street
4th Floor, Room E418
Indianapolis, IN 46204-2765

Dear Mr. Hartman:

Re: COUNTY CORRECTION PLAN
CFDA # 93.563

I appreciated an opportunity on July 18 to meet with Mike Wade to discuss your agency's findings with respect to the Indiana Support Enforcement Tracking System (ISETS) and the review of my Child Support Office.

In my letter to you dated June 29, 2005, I indicated to you, among other things, that following the July 2004 resignation of my long time child support office manager, I had promoted my present office manager, Mandy Gossage. I further indicated to you that Mandy was formerly employed in the Delaware County Prosecutor's Child Support Office and brought with her to this office vast experience.

I further indicated to you that I had, in June 2005, noticed significant improvements in the operation of the office since she began managing my Child Support Division.

With all of this being said, I was pleased to learn that our error rate this past year was reduced in half from where it was this time last year. .

I would offer the following proposals for corrective action of Finding 2005-1, Inaccurate Support Obligation Balances:

1. The staff will continue to research at least twenty (20) cases each calendar month.
2. The cases selected will be determined by the size of the arrearage amount (i.e. the cases with the larger arrearage balances will be reviewed before those cases with smaller balances.)

These corrective steps will be difficult to implement due to continued budget constraints, limited personnel, increasing case loads for each case manager, and the state

and federal governments continuing to mandate more responsibilities within local child support agencies without providing the resources to fund and meet such mandates. Further, much of what is cited, as local discrepancies are items that are in fact beyond my control.

Again, I do appreciate the opportunity to have met with Mike and the opportunity to respond in writing to the Schedule of Findings and Questioned Costs. I remain

Respectfully yours,

A handwritten signature in black ink, appearing to read 'Kit C. Dean Crane', with a long horizontal flourish extending to the right.

Kit C. Dean Crane
Prosecuting Attorney

Cc: Hon. Linda Ratcliff, Clerk
Henry Circuit & Superior Courts
Board of Henry County Commissioners

**HENRY COUNTY
CORRECTIVE ACTION PLAN**

Finding 2005-2. Cash Management Response

Federal Agency: U.S. Department of Homeland Security

Federal Program: State Emergency Preparedness Equipment

CFDA Number: 97.004

Pass-Through: State Emergency Management Agency

Henry County had cash balances on hand at January 1, 2005 and received advance payments during the year 2005 from several different State emergency Preparedness Grants. Less than 10% of grant advances were expended within 120 days of January 1 (if the balance was on hand at the first of the year) or within 120 days of receipt (if received during the year). No method of calculating and remitting interest earned on excess funds on hand has been established.

Response:

The Indiana State Emergency Management representatives advised local directors that all funds should be expended within one year from the arrival of the funds to the county.

Corrective Action:

All funds will be expended within the 120 day time frame. I will address with the county auditors office a method to calculate and remit interest earned on excess funds per Indiana Department of Homeland Security recommendations.

OMB Circular A-133 states, "When funds are advanced, recipients must follow procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement. When advance payment procedures are used, recipients must establish similar procedures for subrecipients.... Interest earned on advances by local government grantees and subgrantees is required to be submitted promptly, but at least quarterly, to the Federal agency. Up to \$100 per year may be kept for administrative expenses."

Response:

I was under the impression that the funds were placed in non interest bearing accounts.

Corrective Action:

Future funds will be expended with-in a time frame that does not allow the accumulation of excessive amounts of interest.

These excess funds held at the County level had the effect of making the Federal government pay interest on borrowed money that it would not have had to borrow, had the money not been in a Henry County bank account.

We recommended that the County establish and implement procedures that will minimize the time elapsing between the transfer of funds from the State and disbursement. Also, any interest earned on advances should be submitted promptly to the Federal agency.

Response:

Henry County will submit interest earned in excess of \$100.00 to the Indiana Department of Homeland Security for the U.S. Department of Homeland Security.

Corrective Action:

All funds will be expended within the 120 day time frame. A method of returning interest to the Federal government will be addressed with the Indiana Department of Homeland Security.

Finding 2005-3, Reporting Deficiencies

Federal Agency: U.S. Department of Homeland Security

Federal Program: State Emergency Preparedness Equipment

CFDA Number: 97.004

Pass-Through: State Emergency Management Agency

No copies of reports that were purported to have been submitted to the State Emergency Management Agency were presented for audit.

Response:

The Henry County Emergency Management Agency data was submitted to the Indiana Department of Homeland Security quarterly. Due to a computer virus on the agencies main computer system all supporting data was lost.

Corrective Action:

We are currently installing/updating our computer system infrastructure to include mass storage capabilities for back-ups.

OMB Circular A-133 states "Pass-through entities must establish reasonable procedures to ensure receipt of reports on subrecipients' cash balances and cash disbursements in sufficient time to enable the pass-through entities to submit complete and accurate cash transactions reports to the Federal awarding agency or pass-through entity. Pass-through entities must monitor cash drawdowns by their subrecipients to assure that subrecipients conform substantially to the same standards of timing and amount as apply to the pass-through entity."

The lack of preparation, submission, or review by the pass-through agency of reports could lead to the State:

- 1) Not being aware of possible excess federal cash balances on hand,
- 2) Not being aware of possible expenditures for items that were not approved
- 3) Submitting reports to the Federal government that are not complete.

We recommended that reports be prepared, be timely submitted to the State and for copies of the reports to be maintained and available for audit.

Finding 2005-4. Excluded Parties

Federal Agency: U.S. Department of Homeland Security

Federal Program: State Emergency Preparedness Equipment

CFDA Number: 97.004

Pass-Through: State Emergency Management Agency

The Henry County Emergency Management Office purchased items without verifying that the vendor was not on the federal government's list of debarred or suspended parties.

Response:

The Henry County Emergency Management Agency was unaware of this website and available search tool.

Corrective Action:

We will monitor the Excluded Parties List at <http://www.epls.gov/> before any future purchases.

OMB Circular A-133 states, "Effective November 26, 2003, when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transactions with that entity."

The GSA established the EPLS so that firms that did not meet the minimum standards required for federal funds would not benefit from future government programs and the governmental unit would be less likely to receive inferior performance. Also, if excluded parties do not receive the sanctions earned from their previous unsatisfactory performance, it will make it more difficult for the GSA to deter other vendors from substandard performance.

We recommended verifying the status of all vendors before a purchase is made from them.



Ronald D. Huffman
Director

Henry County Emergency Management Agency/Department of Homeland Security

7-24-06
Date

HENRY COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 13, 2006, with Linda S. Ratcliff, Auditor; Larry D. Hale, President of the Board of County Commissioners; Robert L. Veach, President of the County Council; and Philip J. Estridge, member of the Board of County Commissioners.