

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

ANNUAL FINANCIAL REPORT

2005

SPENCER COUNTY, INDIANA



FILED
12/27/2006

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Sara J. Arnold	01-01-04 to 12-31-07
Treasurer	Sharon Dugas	01-01-05 to 12-31-08
Clerk	Anne Jochim	01-01-05 to 12-31-09
Sheriff	Sheldon Tharp	01-01-03 to 12-31-06
Recorder	Diana Meyer	01-01-05 to 13-31-08
President of the Board of County Commissioners	Dan Rininger	01-01-05 to 12-31-06
President of the County Council	William Spaetti	01-01-05 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF SPENCER COUNTY, INDIANA

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

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

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

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

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

In accordance with Government Auditing Standards, we have also issued a report dated October 5, 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

October 5, 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 SPENCER COUNTY, INDIANA

We have audited the financial statements of Spencer County (County), as of and for the year ended December 31, 2005, and have issued our report thereon dated October 5, 2006. The opinion to the financial statements was qualified due to the omission of a component unit of the County, which should have been included to fairly present the financial position of the County. 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 October 5, 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.

October 5, 2006

STATE BOARD OF ACCOUNTS

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

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>			<u>Net (Disbursement) Receipt and Changes in Net Assets</u>
	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governmental Activities</u>	
Primary government:					
Governmental activities:					
General government	\$ 4,819,739	\$ 296,499	\$ 894,104	\$ 522,485	\$ (3,106,651)
Public safety	2,692,248	973,915	26,536	-	(1,691,797)
Highways and streets	3,628,649	147,700	2,350,584	-	(1,130,365)
Health and Welfare	610,228	62,521	995,836	-	448,129
Economic development	681,894	-	-	-	(681,894)
Culture and recreation	35,481	-	-	-	(35,481)
Interest on long-term debt	45,675	-	-	-	(45,675)
Total primary government	<u>\$ 12,513,914</u>	<u>\$ 1,480,635</u>	<u>\$ 4,267,060</u>	<u>\$ 522,485</u>	<u>(6,243,734)</u>
General receipts:					
Property taxes					5,839,797
Other taxes					2,137,672
Sale of assets					8,320
Miscellaneous revenue					63,870
Restricted investment earnings					14,212
Unrestricted investment earnings					167,902
Total general receipts					<u>8,231,773</u>
Change in net assets					1,988,039
Net assets - beginning					<u>7,043,834</u>
Net assets - ending					<u>\$ 9,031,873</u>
<u>Assets</u>					
Cash and investments					\$ 1,333,298
Restricted assets:					
Cash and investments					<u>7,698,575</u>
Total assets					<u>\$ 9,031,873</u>
<u>Net Assets</u>					
Restricted for:					
Highways and streets					\$ 3,616,736
Public safety					113,404
Health and Welfare					621,268
Other purposes					3,214,945
Unrestricted					<u>1,465,560</u>
Total net assets					<u>\$ 9,031,913</u>

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

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

	General	County Highway	Cumulative Bridge	CEDIT Construction	Other Governmental Funds	Totals
Receipts:						
Taxes	\$ 4,945,841	\$ -	\$ 669,901	\$ 1,382,620	\$ 1,351,404	\$ 8,349,766
Licenses and permits	4,225	-	-	-	-	4,225
Intergovernmental	334,721	2,011,440	-	-	1,156,638	3,502,799
Charges for services	292,396	-	-	-	544,682	837,078
Fines and forfeits	183,372	-	-	-	207,173	390,545
Other	348,625	57,069	147,701	2,779	13,324	569,498
Total receipts	6,109,180	2,068,509	817,602	1,385,399	3,273,221	13,653,911
Disbursements:						
General government	3,413,561	-	-	-	427,594	3,841,155
Public safety	2,006,372	-	-	-	633,225	2,639,597
Highways and streets	-	1,900,448	570,141	679,319	246,398	3,396,306
Health and welfare	27,653	-	-	-	-	27,653
Culture and recreation	35,481	-	-	-	582,575	618,056
Urban redevelopment and housing	-	-	-	-	681,894	681,894
Capital outlay	-	-	-	-	159,102	159,102
Debt service:						
Principal	52,650	141,344	-	-	91,000	284,994
Interest	7,944	14,104	-	-	23,627	45,675
Total disbursements	5,543,661	2,055,896	570,141	679,319	2,845,415	11,694,432
Excess of revenue over disbursements	565,519	12,613	247,461	706,080	427,806	1,959,479
Other financing sources (uses)						
Transfers in	300,000	-	-	-	355,914	655,914
Transfers out	(354,764)	(25,328)	(3,515)	-	(366,533)	(750,140)
Total other financing sources (uses)	(54,764)	(25,328)	(3,515)	-	(10,619)	(94,226)
Excess of receipts and other financing sources over disbursements and other financing uses	510,755	(12,715)	243,946	706,080	417,187	1,865,253
Cash and investment fund balance - beginning	900,052	551,368	988,204	990,000	3,604,734	7,034,358
Cash and investment fund balance - ending	<u>\$ 1,410,807</u>	<u>\$ 538,653</u>	<u>\$ 1,232,150</u>	<u>\$ 1,696,080</u>	<u>\$ 4,021,921</u>	8,899,611
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because:						
Internal services funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.						
						132,262
Net assets of governmental activities						<u>\$ 9,031,873</u>
Cash and Investment Assets - December 31						
Cash and investments	\$ 1,333,298	\$ -	\$ -	\$ -	\$ -	\$ 1,333,298
Restricted assets:						
Cash and investments	77,509	538,653	1,232,150	1,696,080	4,021,921	7,566,313
Total cash and investment assets - December 31	<u>\$ 1,410,807</u>	<u>\$ 538,653</u>	<u>\$ 1,232,150</u>	<u>\$ 1,696,080</u>	<u>\$ 4,021,921</u>	<u>\$ 8,899,611</u>
Cash and Investment Fund Balance - December 31						
Restricted for:						
Highways and streets	\$ -	\$ 538,653	\$ 1,232,150	\$ 1,696,080	\$ 149,853	\$ 3,616,736
Public safety	-	-	-	-	113,364	113,364
Health and welfare	-	-	-	-	621,268	621,268
Other purposes	77,509	-	-	-	3,137,436	3,214,945
Unrestricted	1,333,298	-	-	-	-	1,333,298
Total cash and investment fund balance - December 31	<u>\$ 1,410,807</u>	<u>\$ 538,653</u>	<u>\$ 1,232,150</u>	<u>\$ 1,696,080</u>	<u>\$ 4,021,921</u>	<u>\$ 8,899,611</u>

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

SPENCER 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

	Internal Service Fund
Operating receipts:	
Other	\$ 851,049
Operating disbursements:	
General Government	822,489
Excess of receipts over disbursements	28,560
Transfers in	94,226
Excess of receipts, and transfers in over disbursements and transfers out	122,786
Cash and investment fund balance - beginning	9,476
Cash and investment fund balance - ending	\$ 132,262
<u>Cash and Investment Assets - December 31</u>	
Cash and investments	\$ 132,262
<u>Cash and Investment Fund Balance - December 31</u>	
Restricted for:	
Health and Welfare	\$ 132,262

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

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

	Pension Trust Fund	Agency Funds
	<u> </u>	<u> </u>
Additions:		
Contributions:		
Plan members	\$ 15,631	\$ -
Investment earnings:		
Net increase in fair value of investments	16,347	-
Interest	16,252	-
Dividends	<u>14,438</u>	<u>-</u>
Total investment earnings	<u>47,037</u>	<u>-</u>
Agency fund additions	<u>-</u>	<u>80,266,615</u>
Total additions	<u>62,668</u>	<u>80,266,615</u>
Deductions:		
Benefits	24,506	-
Administrative and general	11,171	-
Agency fund deductions	<u>-</u>	<u>81,660,905</u>
Total deductions	<u>35,677</u>	<u>81,660,905</u>
Excess (deficiency) of total additions over total deductions	26,991	(1,394,290)
Cash and investment fund balance - beginning	<u>866,936</u>	<u>4,610,078</u>
Cash and investment fund balance - ending	<u>\$ 893,927</u>	<u>\$ 3,215,788</u>

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

SPENCER 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:	Spencer County
Discretely Presented Component Unit:	Spencer County Solid Waste Management District

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

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

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis display information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the County has not established any enterprise funds.

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

SPENCER COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

The county economic development income tax construction (CEDIT Construction) fund receives all collections from the CEDIT taxes levied and collected on behalf of the county and redistributed by the state to the county. The money received may be used to pay any allowable expenses of the county related to economic development.

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

Additionally, the County reports the following fund types:

The internal service fund, Spencer County benefit trust fund, is used to collect the percentage of the County employees' payroll that is held out for insurance, as well as the amount appropriated by the Commissioners for insurance. The monies collected are used to pay administrative fees and insurance claims.

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

SPENCER COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Capital Assets

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

3. Long-Term Debt

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

4. Equity Classification

Government-Wide Statements

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

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

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

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

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

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

SPENCER COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

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

Government-Wide Financial Statements

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

1. Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities – Cash and Investment Basis.
2. Primary government and component unit activity and balances – Resource flows between the primary government and the discretely-presented component units are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

II. Stewardship, Compliance and Accountability

Budgetary Information

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

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

SPENCER COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. At December 31, 2005, 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
U.S. Treasuries and Securities	\$ 84,913
U.S. Agencies	169,659
Corporate Debt Instruments	129,146
Corporate Equity Instruments	449,756
Open-End Mutual Funds	88,403
Total	\$ 921,877

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.

SPENCER COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

The Sheriff's Merit Board has not adopted an investment policy for custodial credit risk for investments. At December 31, 2005, the Sheriff's Retirement and Benefit Pension Plans held investments in U.S. Government Treasuries and Securities, U.S. Agencies, Corporate Debt Instruments, Corporate Equity Instruments, and Open-End Mutual Funds in the amount of \$921,877. Of these investments \$921,877 are held by the investment's counterparty, not in the name of the Sheriff's Pension Plan.

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 Merit Board has not adopted a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses.

SPENCER COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Sheriff's Retirement and Benefit Pension Plans:

Investment Type	Investment Maturities (in Years)		
	Less Than 1	1-2	More Than 2
U.S. Treasuries and Securities	\$ 40,218	\$ 20,530	\$ 24,165
U.S. Agencies	-	-	169,659
Corporate Debt Instruments	-	40,435	-
Totals	\$ 40,218	\$ 60,965	\$ 193,824

Credit Risk

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

Sheriff's Retirement and Benefit Pension Plans:

Standard and Poor's Rating	Moody's Rating	County's Investments				
		U.S. Government Securities	U.S. Agencies	Corporate Debt Instruments	Corporate Equity Instruments	Open-End Mutual Funds
AAA	Aaa	\$ -	\$ -	\$ -	\$ 265,227	\$ -
AA	Aa	-	-	19,777	6,295	-
A	A	-	-	-	4,963	-
BBB	Baa	-	-	-	15,443	-
BB	Ba	-	-	-	31,005	-
Unrated	Unrated	84,913	169,659	109,369	126,823	88,403
Totals		\$ 84,913	\$ 169,659	\$ 129,146	\$ 449,756	\$ 88,403

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.

B. Interfund Transfers

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

SPENCER COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Transfer From</u>	<u>Transfer To</u>	<u>2005</u>
General Fund	Other governmental	\$ 300,000
	Internal service	54,764
County highway fund	Internal service	25,328
Cumulative bridge fund	Internal service	3,515
Other governmental	General Fund	300,000
	Other governmental	55,914
	Internal Service	<u>10,619</u>
 Total		 <u>\$ 750,140</u>

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

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 (Excluding Postemployment Benefits)

The County has chosen to establish a risk financing fund for risks associated with medical benefits. The risk financing fund is accounted for in the Spencer County Benefit Trust 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. Amounts are paid into the fund from the County General Fund and are available to pay claims, claim reserves, and administrative costs of the program.

Job Related Illnesses or Injuries to Employees

During 1989, the County joined with other governmental entities to form the Indiana Public Employers' Plan, Inc., a public entity risk pool currently operating as a common risk management and insurance program for 934 member governmental entities. 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.

SPENCER COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Administration of Welfare Programs

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

C. Pension Plans

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

1. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

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

2. County Police Retirement Plan

Plan Description

The County contributes to the County Police Retirement Plan, which is a single-employer defined benefit pension plan. With the approval of the County's fiscal body, the plan is administered by the sheriff's department and an appointed trustee as authorized by state statute (IC 36-8-10-12)

SPENCER COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

for full-time police officers. The plan provides retirement, death, and disability benefits to plan members and beneficiaries. The trustee issues a publicly available financial report that includes financial statements and required supplementary information of the plan. The report may be obtained by contacting the county sheriff.

Funding Policy and Annual Pension Cost

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

3. County Police Benefit Plan

Plan Description

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

Funding Policy and Annual Pension Cost

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

Actuarial Information for the Above Plans

	<u>PERF</u>	<u>County Police Retirement Plan</u>	<u>County Police Benefit Plan</u>
Annual required contribution	\$ 134,903	\$ 101,022	\$ 14,254
Interest on net pension obligation	(3,546)	1,041	-
Adjustment to annual required contribution	<u>4,041</u>	<u>(1,744)</u>	<u>-</u>
Annual pension cost	135,398	100,319	14,254
Contributions made	<u>149,673</u>	<u>80,246</u>	<u>14,254</u>
Increase (decrease) in net pension obligation	(14,275)	20,073	-
Net pension obligation, beginning of year	<u>(48,913)</u>	<u>14,877</u>	<u>-</u>
Net pension obligation, end of year	<u>\$ (63,188)</u>	<u>\$ 34,950</u>	<u>\$ -</u>

SPENCER COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

	PERF	County Police Retirement Plan	County Police Benefit Plan
Contribution rates:			
County	5%	24%	3%
Plan members	3%	None	None
Actuarial valuation date	07-01-05	10-01-05	10-01-05
Actuarial cost method	Entry age	Entry age	Aggregate
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	*
Amortization period	40 years	40 years	*
Amortization period (from date)	07-01-97	11-31-97	10-01-88
Asset valuation method	4 year smoothed market	4 year smoothed market	4 year smoothed market

*The aggregate cost method does not identify or separately amortize unfunded actuarial liabilities. The actual present value of projected benefits of the group in excess of the actuarial value of assets is allocated on a level basis over the earning of the group.

<u>Actuarial Assumptions</u>	PERF	County Police Retirement Plan	County Police Benefit Plan
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%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-03	\$ 155,725	81%	\$ (39,309)
	06-30-04	125,805	108%	(48,913)
	06-30-05	135,398	119%	(63,188)
County Police Retirement Plan	09-30-03	60,453	81%	(259)
	09-30-04	74,598	80%	14,877
	09-30-05	100,319	80%	34,950
County Police Benefit Plan	09-30-03	11,675	100%	-
	09-30-04	13,360	100%	-
	09-30-05	14,254	100%	-

SPENCER 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	\$ 2,020,876	\$ 2,030,941	\$ (10,065)	100%	\$ 2,618,387	(0%)
07-01-04	2,092,614	2,176,392	(83,778)	96%	2,639,376	(3%)
07-01-05	2,211,089	2,511,596	(300,507)	88%	2,869,555	(10%)

County Police Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
10-01-02	\$ 722,537	\$ 722,537	\$ -	100%	\$ 372,696	0%
10-01-03	725,388	725,388	-	100%	415,770	0%
10-01-04	766,821	766,821	-	100%	419,479	0%
10-01-05	905,641	905,641	-	100%	426,281	0%

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

	County Health	Local Roads and Streets	Property Reassessment 2002	Property Reassessment 2006	Accident Report	Firearms Training	Surveyor's Corner Perpetuation
Receipts:							
Taxes	\$ 146,038	\$ -	\$ -	\$ 140,679	\$ -	\$ -	\$ -
Intergovernmental	-	227,349	-	-	-	-	-
Charges for services	28,154	-	-	-	917	2,190	6,945
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	3,673	-	-	-
Total receipts	174,192	227,349	-	144,352	917	2,190	6,945
Disbursements:							
General government	-	-	-	162,731	-	-	-
Public safety	-	-	-	-	637	3,092	-
Highways and streets	-	246,398	-	-	-	-	-
Health and welfare	211,629	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total disbursements	211,629	246,398	-	162,731	637	3,092	-
Excess (deficiency) of revenue over disbursements	(37,437)	(19,049)	-	(18,379)	280	(902)	6,945
Other financing sources (uses)							
Transfers in	-	-	-	300,000	-	-	-
Transfers out	(3,958)	-	-	(301,526)	-	-	-
Total other financing sources (uses)	(3,958)	-	-	(1,526)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(41,395)	(19,049)	-	(19,905)	280	(902)	6,945
Cash and investment fund balance - beginning	196,068	136,279	158,936	575,180	2,061	5,206	20,251
Cash and investment fund balance - ending	<u>\$ 154,673</u>	<u>\$ 117,230</u>	<u>\$ 158,936</u>	<u>\$ 555,275</u>	<u>\$ 2,341</u>	<u>\$ 4,304</u>	<u>\$ 27,196</u>
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	154,673	117,230	158,936	555,275	2,341	4,304	27,196
Total cash and investment assets - December 31	<u>\$ 154,673</u>	<u>\$ 117,230</u>	<u>\$ 158,936</u>	<u>\$ 555,275</u>	<u>\$ 2,341</u>	<u>\$ 4,304</u>	<u>\$ 27,196</u>
Cash and Investment Fund Balance - December 31							
Restricted for:							
Highways and streets	\$ -	\$ 117,230	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	2,341	4,304	-
Health and welfare	154,673	-	-	-	-	-	-
Other purposes	-	-	158,936	555,275	-	-	27,196
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 154,673</u>	<u>\$ 117,230</u>	<u>\$ 158,936</u>	<u>\$ 555,275</u>	<u>\$ 2,341</u>	<u>\$ 4,304</u>	<u>\$ 27,196</u>

SPENCER 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)

	Probation User Fee	Recorder's Records Perpetuation	Emergency Response Services	County Law Enforcement Continuing Education	County User Fee	Local Health Maintenance	Capital Trail Expense
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	26,570	-
Charges for services	27,330	47,384	261,019	1,524	7,097	-	712
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	27,330	47,384	261,019	1,524	7,097	26,570	712
Disbursements:							
General government	-	36,684	-	-	-	-	-
Public safety	1,320	-	316,542	1,600	1,953	-	10,827
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	7,856	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total disbursements	1,320	36,684	316,542	1,600	1,953	7,856	10,827
Excess (deficiency) of revenue over disbursements	26,010	10,700	(55,523)	(76)	5,144	18,714	(10,115)
Other financing sources (uses)							
Transfers in	-	-	54,000	-	-	-	-
Transfers out	-	-	(3,844)	-	-	-	-
Total other financing sources (uses)	-	-	50,156	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	26,010	10,700	(5,367)	(76)	5,144	18,714	(10,115)
Cash and investment fund balance - beginning	32,005	67,543	41,322	1,320	53,389	15,489	13,956
Cash and investment fund balance - ending	<u>\$ 58,015</u>	<u>\$ 78,243</u>	<u>\$ 35,955</u>	<u>\$ 1,244</u>	<u>\$ 58,533</u>	<u>\$ 34,203</u>	<u>\$ 3,841</u>
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	58,015	78,243	35,955	1,244	58,533	34,203	3,841
Total cash and investment assets - December 31	<u>\$ 58,015</u>	<u>\$ 78,243</u>	<u>\$ 35,955</u>	<u>\$ 1,244</u>	<u>\$ 58,533</u>	<u>\$ 34,203</u>	<u>\$ 3,841</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	35,955	1,244	-	-	-
Health and welfare	-	-	-	-	-	34,203	-
Other purposes	58,015	78,243	-	-	58,533	-	3,841
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 58,015</u>	<u>\$ 78,243</u>	<u>\$ 35,955</u>	<u>\$ 1,244</u>	<u>\$ 58,533</u>	<u>\$ 34,203</u>	<u>\$ 3,841</u>

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

	Community Drug Program	Old Road 45 and 245	Drainage Maintenance	K-9	Electronic Map (GPS)	County Misdemeanant	Covered Bridge
Receipts:							
Taxes	\$ -	\$ -	\$ 42,524	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	14,515	625
Charges for services	20,128	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	20,128	-	42,524	-	-	14,515	625
Disbursements:							
General government	-	-	23,264	-	-	-	146
Public safety	18,802	-	-	86	-	6,358	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total disbursements	18,802	-	23,264	86	-	6,358	146
Excess (deficiency) of revenue over disbursements	1,326	-	19,260	(86)	-	8,157	479
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	1,326	-	19,260	(86)	-	8,157	479
Cash and investment fund balance - beginning	4,852	32,623	78,302	86	30	17,352	7,813
Cash and investment fund balance - ending	<u>\$ 6,178</u>	<u>\$ 32,623</u>	<u>\$ 97,562</u>	<u>\$ -</u>	<u>\$ 30</u>	<u>\$ 25,509</u>	<u>\$ 8,292</u>
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	6,178	32,623	97,562	-	30	25,509	8,292
Total cash and investment assets - December 31	<u>\$ 6,178</u>	<u>\$ 32,623</u>	<u>\$ 97,562</u>	<u>\$ -</u>	<u>\$ 30</u>	<u>\$ 25,509</u>	<u>\$ 8,292</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Highways and streets	\$ -	\$ 32,623	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	6,178	-	-	-	-	25,509	-
Health and welfare	-	-	-	-	-	-	-
Other purposes	-	-	97,562	-	30	-	8,292
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 6,178</u>	<u>\$ 32,623</u>	<u>\$ 97,562</u>	<u>\$ -</u>	<u>\$ 30</u>	<u>\$ 25,509</u>	<u>\$ 8,292</u>

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

	County Drug Fee	COIT Special Purpose	Prosecutor Special Fee	Riverboat Revenue	Guardian Ad Litem	SRI Tax Sale
Receipts:						
Taxes	\$ -	\$ 507,548	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	128,580	2,015	-
Charges for services	-	-	-	-	-	9,710
Fines and forfeits	10,050	-	2,460	-	-	-
Other	-	5,650	-	-	-	-
Total receipts	10,050	513,198	2,460	128,580	2,015	9,710
Disbursements:						
General government	-	-	-	45,849	360	9,910
Public safety	5,750	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Urban redevelopment and housing	-	181,894	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total disbursements	5,750	181,894	-	45,849	360	9,910
Excess (deficiency) of revenue over disbursements	4,300	331,304	2,460	82,731	1,655	(200)
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	(54,000)	-	-	-	-
Total other financing sources (uses)	-	(54,000)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,300	277,304	2,460	82,731	1,655	(200)
Cash and investment fund balance - beginning	4,103	274,347	8,410	82,731	23,471	7,971
Cash and investment fund balance - ending	<u>\$ 8,403</u>	<u>\$ 551,651</u>	<u>\$ 10,870</u>	<u>\$ 165,462</u>	<u>\$ 25,126</u>	<u>\$ 7,771</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	8,403	551,651	10,870	165,462	25,126	7,771
Total cash and investment assets - December 31	<u>\$ 8,403</u>	<u>\$ 551,651</u>	<u>\$ 10,870</u>	<u>\$ 165,462</u>	<u>\$ 25,126</u>	<u>\$ 7,771</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	8,403	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Other purposes	-	551,651	10,870	165,462	25,126	7,771
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 8,403</u>	<u>\$ 551,651</u>	<u>\$ 10,870</u>	<u>\$ 165,462</u>	<u>\$ 25,126</u>	<u>\$ 7,771</u>

SPENCER 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)

	Tobacco Settlement	Photo ID	Federal Topics	Plat Book Update	Local Emergency Planning	Welfare Local Planning
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	29,395	-	-	-	12,020	-
Charges for services	-	-	-	11,995	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	29,395	-	-	11,995	12,020	-
Disbursements:						
General government	-	48	-	12,146	-	-
Public safety	-	-	-	-	4,166	-
Highways and streets	-	-	-	-	-	-
Health and welfare	25,991	-	-	-	-	1,752
Urban redevelopment and housing	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total disbursements	25,991	48	-	12,146	4,166	1,752
Excess (deficiency) of revenue over disbursements	3,404	(48)	-	(151)	7,854	(1,752)
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	3,404	(48)	-	(151)	7,854	(1,752)
Cash and investment fund balance - beginning	50,039	77	16,901	14,122	4,828	1,752
Cash and investment fund balance - ending	<u>\$ 53,443</u>	<u>\$ 29</u>	<u>\$ 16,901</u>	<u>\$ 13,971</u>	<u>\$ 12,682</u>	<u>\$ -</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	53,443	29	16,901	13,971	12,682	-
Total cash and investment assets - December 31	<u>\$ 53,443</u>	<u>\$ 29</u>	<u>\$ 16,901</u>	<u>\$ 13,971</u>	<u>\$ 12,682</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	12,682	-
Health and welfare	53,443	-	-	-	-	-
Other purposes	-	29	16,901	13,971	-	-
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 53,443</u>	<u>\$ 29</u>	<u>\$ 16,901</u>	<u>\$ 13,971</u>	<u>\$ 12,682</u>	<u>\$ -</u>

SPENCER 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)

	Family and Children	Children's PTRC	Child Support Impact	Flu Clinic	Clerk's Records Perpetuation	Pretrial Diversion
Receipts:						
Taxes	\$ 52,252	\$ 33,298	\$ -	\$ -	\$ -	\$ -
Intergovernmental	69,569	-	-	-	-	-
Charges for services	-	-	-	3,992	5,311	-
Fines and forfeits	-	-	-	-	-	180,185
Other	-	-	-	-	-	-
Total receipts	<u>121,821</u>	<u>33,298</u>	<u>-</u>	<u>3,992</u>	<u>5,311</u>	<u>180,185</u>
Disbursements:						
General government	-	-	652	-	17,000	-
Public safety	-	-	-	-	-	236,701
Highways and streets	-	-	-	-	-	-
Health and welfare	293,836	34,462	-	3,057	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total disbursements	<u>293,836</u>	<u>34,462</u>	<u>652</u>	<u>3,057</u>	<u>17,000</u>	<u>236,701</u>
Excess (deficiency) of revenue over disbursements	<u>(172,015)</u>	<u>(1,164)</u>	<u>(652)</u>	<u>935</u>	<u>(11,689)</u>	<u>(56,516)</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(1,291)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,291)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(172,015)</u>	<u>(1,164)</u>	<u>(652)</u>	<u>935</u>	<u>(11,689)</u>	<u>(57,807)</u>
Cash and investment fund balance - beginning	<u>509,453</u>	<u>34,040</u>	<u>5,617</u>	<u>7,700</u>	<u>17,024</u>	<u>178,477</u>
Cash and investment fund balance - ending	<u>\$ 337,438</u>	<u>\$ 32,876</u>	<u>\$ 4,965</u>	<u>\$ 8,635</u>	<u>\$ 5,335</u>	<u>\$ 120,670</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	<u>337,438</u>	<u>32,876</u>	<u>4,965</u>	<u>8,635</u>	<u>5,335</u>	<u>120,670</u>
Total cash and investment assets - December 31	<u>\$ 337,438</u>	<u>\$ 32,876</u>	<u>\$ 4,965</u>	<u>\$ 8,635</u>	<u>\$ 5,335</u>	<u>\$ 120,670</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Health and welfare	337,438	32,876	-	8,635	-	-
Other purposes	-	-	4,965	-	5,335	120,670
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 337,438</u>	<u>\$ 32,876</u>	<u>\$ 4,965</u>	<u>\$ 8,635</u>	<u>\$ 5,335</u>	<u>\$ 120,670</u>

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

	Emergency Management	Search and Rescue	County Medical for Inmates	Law Enforcement	Prisoner Reimbursement	Jury Fee
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	2,271	-	5,876	82
Fines and forfeits	-	-	-	8,814	-	5,664
Other	-	994	-	-	-	-
Total receipts	-	994	2,271	8,814	5,876	5,746
Disbursements:						
General government	-	-	-	-	-	-
Public safety	96	2,425	-	20,459	1,125	1,286
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	3,992	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total disbursements	96	2,425	3,992	20,459	1,125	1,286
Excess (deficiency) of revenue over disbursements	(96)	(1,431)	(1,721)	(11,645)	4,751	4,460
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	(96)	(1,431)	(1,721)	(11,645)	4,751	4,460
Cash and investment fund balance - beginning	347	1,695	2,789	28,142	2,650	23,439
Cash and investment fund balance - ending	<u>251</u>	<u>264</u>	<u>1,068</u>	<u>16,497</u>	<u>7,401</u>	<u>27,899</u>
Cash and Investment Assets - December 31						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	251	264	1,068	16,497	7,401	27,899
Total cash and investment assets - December 31	<u>\$ 251</u>	<u>\$ 264</u>	<u>\$ 1,068</u>	<u>\$ 16,497</u>	<u>\$ 7,401</u>	<u>\$ 27,899</u>
Cash and Investment Fund Balance - December 31						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	251	-	-	16,497	-	-
Health and welfare	-	-	-	-	-	-
Other purposes	-	264	1,068	-	7,401	27,899
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 251</u>	<u>\$ 264</u>	<u>\$ 1,068</u>	<u>\$ 16,497</u>	<u>\$ 7,401</u>	<u>\$ 27,899</u>

SPENCER 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)

	<u>Title III HAVA</u>	<u>Rainy Day</u>	<u>Clerk's IV-D Incentive</u>	<u>Prosecutor's IV-D Incentive</u>	<u>Fulda Regional Sewer</u>	<u>Sheriff's Commissary</u>
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	146,000	-	-	-	500,000	-
Charges for services	-	-	13,611	16,764	-	71,670
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>146,000</u>	<u>-</u>	<u>13,611</u>	<u>16,764</u>	<u>500,000</u>	<u>71,670</u>
Disbursements:						
General government	-	50,838	1,680	5,451	-	60,835
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	500,000	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>50,838</u>	<u>1,680</u>	<u>5,451</u>	<u>500,000</u>	<u>60,835</u>
Excess (deficiency) of revenue over disbursements	<u>146,000</u>	<u>(50,838)</u>	<u>11,931</u>	<u>11,313</u>	<u>-</u>	<u>10,835</u>
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<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>146,000</u>	<u>(50,838)</u>	<u>11,931</u>	<u>11,313</u>	<u>-</u>	<u>10,835</u>
Cash and investment fund balance - beginning	<u>-</u>	<u>276,083</u>	<u>-</u>	<u>2,047</u>	<u>-</u>	<u>24,019</u>
Cash and investment fund balance - ending	<u>\$ 146,000</u>	<u>\$ 225,245</u>	<u>\$ 11,931</u>	<u>\$ 13,360</u>	<u>\$ -</u>	<u>\$ 34,854</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	<u>146,000</u>	<u>225,245</u>	<u>11,931</u>	<u>13,360</u>	<u>-</u>	<u>34,854</u>
Total cash and investment assets - December 31	<u>\$ 146,000</u>	<u>\$ 225,245</u>	<u>\$ 11,931</u>	<u>\$ 13,360</u>	<u>\$ -</u>	<u>\$ 34,854</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Other purposes	146,000	225,245	11,931	13,360	-	34,854
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and investment fund balance - December 31	<u>\$ 146,000</u>	<u>\$ 225,245</u>	<u>\$ 11,931</u>	<u>\$ 13,360</u>	<u>\$ -</u>	<u>\$ 34,854</u>

SPENCER 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)

	Baker's Creek Bond Redemption	COIT Bond	Cumulative Capital Development	General Drain Improvement	Congressional Principal	Totals
Receipts:						
Taxes	\$ -	\$ 114,627	\$ 267,960	\$ 46,478	\$ -	\$ 1,351,404
Intergovernmental	-	-	-	-	-	1,156,638
Charges for services	-	-	-	-	-	544,682
Fines and forfeits	-	-	-	-	-	207,173
Other	-	-	-	-	3,007	13,324
Total receipts	-	114,627	267,960	46,478	3,007	3,273,221
Disbursements:						
General government	-	-	-	-	-	427,594
Public safety	-	-	-	-	-	633,225
Highways and streets	-	-	-	-	-	246,398
Health and welfare	-	-	-	-	-	582,575
Urban redevelopment and housing	-	-	-	-	-	681,894
Capital outlay	-	-	149,402	9,700	-	159,102
Debt service:						
Principal	-	91,000	-	-	-	91,000
Interest	-	23,627	-	-	-	23,627
Total disbursements	-	114,627	149,402	9,700	-	2,845,415
Excess (deficiency) of revenue over disbursements	-	-	118,558	36,778	3,007	427,806
Other financing sources (uses)						
Transfers in	-	-	-	1,914	-	355,914
Transfers out	(1,914)	-	-	-	-	(366,533)
Total other financing sources (uses)	(1,914)	-	-	1,914	-	(10,619)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,914)	-	118,558	38,692	3,007	417,187
Cash and investment fund balance - beginning	1,914	-	411,605	103,669	25,209	3,604,734
Cash and investment fund balance - ending	\$ -	\$ -	\$ 530,163	\$ 142,361	\$ 28,216	\$ 4,021,921
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	530,163	142,361	28,216	4,021,921
Total cash and investment assets - December 31	\$ -	\$ -	\$ 530,163	\$ 142,361	\$ 28,216	\$ 4,021,921
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 149,853
Public safety	-	-	-	-	-	113,364
Health and welfare	-	-	-	-	-	621,268
Other purposes	-	-	530,163	142,361	28,216	3,137,436
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ -	\$ -	\$ 530,163	\$ 142,361	\$ 28,216	\$ 4,021,921

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

	<u>Poor Relief</u>	<u>Tax Sale Redemption</u>	<u>Surplus Tax Sale</u>	<u>Inheritance Tax</u>	<u>Surplus Tax</u>	<u>Financial Institutions</u>	<u>Anderson River</u>
Additions:							
Agency fund additions	\$ 23,576	\$ 86,022	\$ 169,137	\$ 398,188	\$ 28,080	\$ 18,859	\$ -
Deductions:							
Agency fund deductions	<u>23,576</u>	<u>90,616</u>	<u>222,281</u>	<u>339,638</u>	<u>56,291</u>	<u>18,859</u>	<u>-</u>
Excess (deficiency) of total additions over total deductions	-	(4,594)	(53,144)	58,550	(28,211)	-	-
Cash and investment fund balance - beginning	<u>-</u>	<u>5,153</u>	<u>233,441</u>	<u>22,379</u>	<u>69,884</u>	<u>-</u>	<u>12,121</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 559</u>	<u>\$ 180,297</u>	<u>\$ 80,929</u>	<u>\$ 41,673</u>	<u>\$ -</u>	<u>\$ 12,121</u>

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

	Delinquent Sewage	Mowing Assessment	Surplus Dog Tax	Welfare Trust	Innkeeper's Tax	Mortgage Fee	CEDIT
Additions:							
Agency fund additions	\$ 17,966	\$ 3,302	\$ 3,285	\$ 925	\$ 140,534	\$ 3,467	\$ 1,616,264
Deductions:							
Agency fund deductions	<u>17,966</u>	<u>3,302</u>	<u>3,285</u>	<u>350</u>	<u>141,572</u>	<u>3,170</u>	<u>1,616,264</u>
Excess (deficiency) of total additions over total deductions	-	-	-	575	(1,038)	297	-
Cash and investment fund balance - beginning	<u>60</u>	<u>-</u>	<u>-</u>	<u>4,909</u>	<u>3,353</u>	<u>-</u>	<u>-</u>
Cash and investment fund balance - ending	<u>\$ 60</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,484</u>	<u>\$ 2,315</u>	<u>\$ 297</u>	<u>\$ -</u>

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

	CVET	COIT	Coroner's Training and Continuing Education	Sales Disclosure	Congressional Interest	Educational Plate Fee	Special Death Benefit
Additions:							
Agency fund additions	\$ 251,678	\$ 938,358	\$ 485	\$ 4,180	\$ 375	\$ 1,256	\$ 775
Deductions:							
Agency fund deductions	<u>251,678</u>	<u>938,358</u>	<u>460</u>	<u>3,950</u>	<u>4,008</u>	<u>1,256</u>	<u>710</u>
Excess (deficiency) of total additions over total deductions	-	-	25	230	(3,633)	-	65
Cash and investment fund balance - beginning	<u>-</u>	<u>76</u>	<u>35</u>	<u>105</u>	<u>26,642</u>	<u>-</u>	<u>-</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 76</u>	<u>\$ 60</u>	<u>\$ 335</u>	<u>\$ 23,009</u>	<u>\$ -</u>	<u>\$ 65</u>

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

	Child Restraint Violations	State Court Fees	State Settlement Funds	Tax Distribution Funds	Payroll Funds	Health Care for the Indigent	Medical Assistance to Wards
Additions:							
Agency fund additions	\$ 50	\$ 27,829	\$ 365,251	\$ 25,692,618	\$ 1,688,732	\$ 147,705	\$ 6,654
Deductions:							
Agency fund deductions	50	28,288	365,251	25,692,617	1,687,886	147,705	6,654
Excess (deficiency) of total additions over total deductions	-	(459)	-	1	846	-	-
Cash and investment fund balance - beginning	-	5,153	-	-	5,065	77	2
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 4,694</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 5,911</u>	<u>\$ 77</u>	<u>\$ 2</u>

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

	Children with Special Health Care Needs	County Sheriff	Clerk of the Circuit Court	County Recorder	County Treasurer	Inmate Trust	Total
Additions:							
Agency fund additions	\$ 19,961	\$ 626,185	\$ 4,987,459	\$ 134,370	\$ 42,800,559	\$ 62,530	\$ 80,266,615
Deductions:							
Agency fund deductions	19,961	635,046	6,431,831	134,025	42,714,027	59,974	81,660,905
Excess (deficiency) of total additions over total deductions	-	(8,861)	(1,444,372)	345	86,532	2,556	(1,394,290)
Cash and investment fund balance - beginning	-	22,364	3,975,395	50	222,901	913	4,610,078
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 13,503</u>	<u>\$ 2,531,023</u>	<u>\$ 395</u>	<u>\$ 309,433</u>	<u>\$ 3,469</u>	<u>\$ 3,215,788</u>

SPENCER 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 have not been reported.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 87,900
Buildings	3,922,218
Improvements other than buildings	246,020
Machinery and equipment	<u>4,293,675</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 8,549,813</u>

SPENCER COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For The Year Ended December 31, 2005

The County has entered into the following capital leases, loan payable, and bonds payable:

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
Highway backhoe	\$ 20,119	\$ 9,862
Highway tractors	131,782	43,618
Highway excavator and grader	293,265	48,940
Highway chip and seal truck	59,616	13,429
Highway tractor	7,384	7,383
Highway tractor	6,813	6,812
Highway tractor	6,742	6,741
EMS 2003 ambulance	38,752	18,969
Sheriff Car	18,661	18,661
Loan payable	38,000	18,736
Bonds payable:		
Revenue bonds:		
2003 Highway garage complex	<u>409,000</u>	<u>95,000</u>
Total governmental activities long-term debt	<u>\$ 1,030,134</u>	<u>\$ 288,151</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
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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 SPENCER COUNTY, INDIANA

Compliance

We have audited the compliance of the Spencer 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 its major federal program for the year ended December 31, 2005. The County's major federal program is 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 its major federal program 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 its major federal program for the year ended December 31, 2005.

Internal Control Over Compliance

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

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

STATE BOARD OF ACCOUNTS

October 5, 2006

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

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Indiana Department of Commerce Community Development Block Grants/State's Program	14.228	CF-03-215	\$ <u>500,000</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant Community Gun Violence Prosecution Program	16.609	2002-GP-CX-0191	<u>26,054</u>
Pass-Through Indiana Criminal Justice Institute Juvenile Accountability Incentive Block Grants	16.523	03-JB-054	<u>14,623</u>
Crime Victims Assistance Program Enter project in this cell	16.575	04-VA-137 05-VA-115	19,620 <u>5,995</u>
Total for program			<u>25,615</u>
Total for federal grantor agency			<u>66,292</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation Highway Planning and Construction	20.205	BRF-8774(004)	<u>7,663</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through Indiana Department of Health Centers for Disease Control Investigations and Technical Assistance	93.283	BPRS 173-2	<u>30,871</u>
Pass-Through Indiana Department of Child Services Child Support Enforcement	93.563	Collection Incentives Indirect Costs Clerk Expense Prosecutor Expense	40,831 9,840 7,802 <u>144,452</u>
Total for program			<u>202,925</u>
Total for federal grantor agency			<u>233,796</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security State Domestic Preparedness Equipment Support Program	97.004	FFY04 HSP	<u>9,963</u>
Public Assistance Grants	97.036	Disaster #1520 Disaster #1542 Disaster #3197	22,523 3,745 <u>11,720</u>
Total for program			<u>37,988</u>
Community Emergency Response Teams	97.054	CERT	<u>3,142</u>
Total for federal grantor agency			<u>51,093</u>
Total federal awards expended			<u>\$ 858,844</u>

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

SPENCER COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

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

II. Subrecipients

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

Program Title	Federal CFDA Number	2005
Community Development Block Grants/State's Program	14.228	<u>\$ 500,000</u>

SPENCER COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Qualified

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

Noncompliance material to financial statements noted? no

Federal Awards:

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

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.228	Community Development Block Grants/State's Program

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

SPENCER COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

SPENCER COUNTY
EXIT CONFERENCE

The contents of this report were discussed on October 5, 2006, with Sara J. Arnold, Auditor.