

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

ANNUAL FINANCIAL REPORT

2006

DAVISS COUNTY, INDIANA



**FILED**

08/07/2007



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Jo Ann McCracken Gail L. Doades	01-01-03 to 12-31-06 01-01-07 to 12-31-10
Treasurer	Joyce E. Goodwin	01-01-05 to 12-31-08
Clerk	Rosemary Abel	03-12-04 to 03-12-08
Sheriff	Jerry Harbstreit Steven Cox	01-01-03 to 12-31-06 01-01-07 to 12-31-10
Recorder	Marcella Flint	01-01-05 to 12-31-08
President of the Board of County Commissioners	Anthony Wichman Steve Myers	01-01-06 to 12-31-06 01-01-07 to 12-31-07
President of the County Council	John Myers Vacant Kenneth Solliday Loretta Kendall	01-01-06 to 02-15-06 02-16-06 to 03-07-06 03-08-06 to 12-31-06 01-01-07 to 12-31-07



**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 DAVIESS COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Daviess County (County), as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

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

In our opinion, except that the omission of the component units of the County referred to in the preceding paragraph results in incomplete presentation, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2006, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated June 19, 2007, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

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

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the County taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

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

STATE BOARD OF ACCOUNTS

June 19, 2007



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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 DAVIESS COUNTY, INDIANA

We have audited the financial statements of Daviess County (County), as of and for the year ended December 31, 2006, and have issued our report thereon dated June 19, 2007. The opinion to the financial statements was qualified due to the omission of a number of component units 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 noted 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.

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

STATE BOARD OF ACCOUNTS

June 19, 2007

DAVIESS COUNTY  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2006

Functions/Programs	Disbursements	Program Receipts			Net (Disbursement) Receipt and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government
					Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 8,012,396	\$ 569,953	\$ 29,016	\$ 283,043	\$ (7,130,384)
Public safety	6,686,114	974,504	914,056	-	(4,797,554)
Highways and streets	3,186,274	308,533	3,059,853	71,450	253,562
Health and welfare	2,310,136	114,372	929,590	-	(1,266,174)
Economic development	678,141	-	-	-	(678,141)
Culture and recreation	-	-	621,370	-	621,370
Total primary government	<u>\$ 20,873,061</u>	<u>\$ 1,967,362</u>	<u>\$ 5,553,885</u>	<u>\$ 354,493</u>	<u>(12,997,321)</u>
General receipts:					
Property taxes					8,507,809
Other local sources					6,133,529
Unrestricted investment earnings					750,121
Total general receipts					<u>15,391,459</u>
Change in net assets					2,394,138
Net assets - beginning					<u>11,857,597</u>
Net assets - ending					<u>\$ 14,251,735</u>
<u>Assets</u>					
Cash and investments					\$ 4,502,740
Restricted assets:					
Cash and investments					<u>9,748,995</u>
Total assets					<u>\$ 14,251,735</u>
<u>Net Assets</u>					
Restricted for:					
General government					\$ 2,932,176
Public safety					2,222,401
Highways and streets					3,097,070
Health and welfare					545,727
Culture and recreation					135,188
Other purposes					816,433
Unrestricted					<u>4,502,740</u>
Total net assets					<u>\$ 14,251,735</u>

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

DAVISS 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, 2006

	General	County Highway	Property Reassessment	Cumulative Bridge	Other Governmental Funds	Totals
<b>Receipts:</b>						
Taxes	\$ 8,715,110	\$ 56,502	\$ 168,642	\$ 641,555	\$ 1,882,455	\$ 11,464,264
Licenses and permits	-	110	-	-	32,932	33,042
Intergovernmental	834,531	2,852,501	19,165	73,021	1,669,514	5,448,732
Charges for services	411,180	-	-	-	960,605	1,371,785
Fines and forfeits	154,669	-	-	-	168,559	323,228
Other	1,641,423	222,668	81,369	18,298	2,662,390	4,626,148
<b>Total receipts</b>	<b>11,756,913</b>	<b>3,131,781</b>	<b>269,176</b>	<b>732,874</b>	<b>7,376,455</b>	<b>23,267,199</b>
<b>Disbursements:</b>						
General government	5,564,407	-	113,593	-	2,334,396	8,012,396
Public safety	3,754,455	-	-	-	1,391,113	5,145,568
Highways and streets	-	2,323,906	-	-	232,189	2,556,095
Health and welfare	494,832	-	-	-	1,815,304	2,310,136
Culture and recreation	70,900	-	-	-	607,241	678,141
Capital outlay:						
Highways and streets	-	-	-	607,867	22,312	630,179
Public safety	-	-	-	-	1,540,546	1,540,546
<b>Total disbursements</b>	<b>9,884,594</b>	<b>2,323,906</b>	<b>113,593</b>	<b>607,867</b>	<b>7,943,101</b>	<b>20,873,061</b>
Excess (deficiency) of receipts over disbursements	1,872,319	807,875	155,583	125,007	(566,646)	2,394,138
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	69,552	69,552
Transfers out	-	-	-	-	(69,552)	(69,552)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,872,319	807,875	155,583	125,007	(566,646)	2,324,586
Cash and investment fund balance - beginning	2,630,421	781,559	1,708,033	1,331,698	5,405,886	11,857,597
Cash and investment fund balance - ending	\$ 4,502,740	\$ 1,589,434	\$ 1,863,616	\$ 1,456,705	\$ 4,839,240	\$ 14,251,735
<b>Cash and Investment Assets - December 31</b>						
Cash and investments	\$ 4,502,740	\$ -	\$ -	\$ -	\$ -	\$ 4,502,740
Restricted assets:						
Cash and investments	-	1,589,434	1,863,616	1,456,705	4,839,240	9,748,995
Total cash and investment assets - December 31	\$ 4,502,740	\$ 1,589,434	\$ 1,863,616	\$ 1,456,705	\$ 4,839,240	\$ 14,251,735
<b>Cash and Investment Fund Balance - December 31</b>						
<b>Restricted for:</b>						
General government	\$ -	\$ -	\$ 1,863,616	\$ -	\$ 1,068,560	\$ 2,932,176
Public safety	-	-	-	-	2,222,401	2,222,401
Highways and streets	-	1,589,434	-	1,456,705	50,931	3,097,070
Health and welfare	-	-	-	-	545,727	545,727
Culture and recreation	-	-	-	-	135,188	135,188
Other purposes	-	-	-	-	816,433	816,433
Unrestricted	4,502,740	-	-	-	-	4,502,740
Total cash and investment fund balance - December 31	\$ 4,502,740	\$ 1,589,434	\$ 1,863,616	\$ 1,456,705	\$ 4,839,240	\$ 14,251,735

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

DAVISS COUNTY  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2006

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions	\$ 175,192	\$ -	\$ -
Investment earnings:			
Net increase in fair value of investments	15,002	-	-
Interest	18,916	5,504	-
Dividends	<u>35,171</u>	<u>-</u>	<u>-</u>
Total investment earnings	69,089	5,504	-
Agency fund additions	<u>-</u>	<u>-</u>	<u>77,973,824</u>
Total additions	<u>244,281</u>	<u>5,504</u>	<u>77,973,824</u>
Deductions:			
Benefits	20,165	-	-
Administrative and general	18,709	-	-
Agency fund deductions	<u>-</u>	<u>-</u>	<u>77,892,143</u>
Total deductions	<u>38,874</u>	<u>-</u>	<u>77,892,143</u>
Excess of total additions over total deductions	205,407	5,504	81,681
Cash and investment fund balance - beginning	<u>1,547,441</u>	<u>172,257</u>	<u>1,831,201</u>
Cash and investment fund balance - ending	<u>\$ 1,752,848</u>	<u>\$ 177,761</u>	<u>\$ 1,912,882</u>

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

DAVIESS 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: Daviess County

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

The Daviess Community 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.

Joint Venture

The accounts which make up the park funds are the operating, donation, nonreverting capital, grant, and recycling accounts. These funds are used for the revenues and expenditures for the Daviess-Martin Joint Park, which is a recreational facility at West Boggs Park. Under provision of the joint park resolution enacted March 8, 1996, the "moneys appropriated by the participating political subdivisions shall be deposited in a Joint Park and Recreation Fund in the custody of the fiscal officer of each of the respective participating political subdivisions . . ." Daviess County operates as the fiscal officer for the park. Separate financial statements are issued by the Daviess/Martin Joint Park Board.

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 Local Emergency Planning Commission, Zoning Appeals Board, County Civil Defense Advisory Council, Veale Fire District, Southeast Fire District, Daviess Community Hospital Board, Washington City Planning Commission, Aviation Board, Ambulance Advisory Board, Alcoholic Beverage Commission, Board of Health, Community Corrections Advisory Board, Comprehensive Community Mental Health, Daviess County Historical Society, Daviess County Redevelopment, Daviess County Visitor's Bureau, Longevity Pay Plan Committee, Property Tax Assessment Board of Appeals, Southern Indiana Development Commission, Odon Winklepleck Library Board and the Washington-Carnegie 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 displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other

DAVISS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. However, there are no business-type activities to report at this time.

Fund Financial Statements

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

The County reports the following major governmental funds:

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

The county highway fund receives funds from state motor vehicle highway distributions and general property taxes. This fund is used primarily for the construction and maintenance of county highways.

The property reassessment fund receives collections from the taxes that the County levies on the assessed valuation of all taxable personal and real property within the County. The taxes collected are used for the cost of reassessment.

The cumulative bridge fund receives collections from the taxes that the County levies on the assessed valuation of all taxable personal and real property within the County. The taxes collected are used for the cost of construction, maintenance, and repair of bridges, approaches, and grade separation in the County.

Additionally, the County reports the following fund types:

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

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

Agency funds account for assets held by the County as an agent for County or recipients of payroll withholdings 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.

DAVIESS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 or 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.

DAVIESS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

Program Receipts

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

F. Internal and Interfund Balances and Activities

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

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 and Net Assets – Cash and Investment Basis.
2. Primary government and component unit activity and balances – Resource flows between the primary government and the discretely-presented component unit(s) are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

DAVISS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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

B. Cash and Investment Balance Deficits

At December 31, 2006, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2006
Adult Protective Services	\$ 7,580
Public Health Preparedness	12,591

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

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. At December 31, 2006, the bank balance held at German American Financial Advisors and Trust Company in the amount of \$1,752,848 was collateralized

DAVISS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

with securities held by the pledging financial institution's trust department or agent but not in the depositor-County's name. The remaining 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, 2006, the County had the following investments:

Investment Type	Sheriff's Retirement and Benefit Pension Plans
U.S. agencies	\$ 281,457
Mutual funds	1,267,438
Corporate bonds	120,984
Total	\$ 1,669,879

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

DAVISS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

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

Investment Custodial Credit Risk

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

The Sheriff's Merit Board has not adopted an investment policy for custodial credit risk for investments. At December 31, 2006, the Sheriff's Retirement and Benefit Pension Plans held investments in German American Financial Advisors and Trust Company in the amount of \$1,752,848. Of these investments \$1,752,848 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.

Sheriff's Retirement and Benefit Pension Plans:

Investment Type	Investment Maturities (in Years)		
	Less Than 1	1-2	More Than 2
U.S. agencies	\$ 59,881	\$ 80,974	\$ 140,602
Mutual bond funds	1,267,438	-	-
Corporate bonds	120,984	-	-
Totals	<u>\$ 1,448,303</u>	<u>\$ 80,974</u>	<u>\$ 140,602</u>

Credit Risk

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

DAVISS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Sheriff's Retirement and Benefit Pension Plans:

Standard and Poor's Rating	Moody's Rating	County's Investments		
		Mutual Funds	Corporate Bonds	Government Sponsored Enterprise
Unrated	Unrated	\$ 1,448,303	\$ 120,984	\$ 281,457

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 American governmental agency securities are exempt from this policy requirement.

The Sheriff's Merit Board has not adopted a policy for the concentration of credit risk.

Foreign Currency Risk

The County does not have a formal policy in regards to foreign currency risk.

The Sheriff's Merit Board has not adopted a formal policy in regards to foreign currency risk.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2006, were as follows:

Transfer From	Transfer To	2006
Other governmental	Other governmental	\$ 69,552

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

IV. Other Information

A. Risk Management

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

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; 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.

DAVIESS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Related Party Transactions

During the period in which financial statements are presented, the County had material transactions with First Federal Saving and Loan Association. Certificates of deposit were purchased in the amount of \$8,000,000. Anthony Wichman, County Commissioner, is Vice President of First Federal Savings and Loan Association.

C. Holding Corporation

The County has entered into a capital lease with Daviess County 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 \$325,000.

D. Administration of Welfare Programs

The County is required to provide certain funding for administrative costs of welfare programs, the Hospital Care for the 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.

E. 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

DAVIESS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Funding Policy and Annual Pension Cost

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

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

2. County Police Retirement Plan

Plan Description

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

Funding Policy and Annual Pension Cost

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

3. County Police Benefit Plan

Plan Description

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

Funding Policy and Annual Pension Cost

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

DAVIESS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Actuarial Information for the Above Plans

	PERF	County Police Retirement Plan	County Police Benefit Plan
Annual required contribution	\$ 232,634	\$ 109,044	\$ 9,734
Interest on net pension obligation	(12,663)	1,081	-
Adjustment to annual required contribution	14,430	(1,552)	-
Annual pension cost	234,401	108,573	9,734
Contributions made	255,135	101,513	9,734
Increase (decrease) in net pension obligation	(20,734)	7,060	-
Net pension obligation, beginning of year	(174,658)	15,446	-
Net pension obligation, end of year	\$ (195,392)	\$ 22,506	\$ -

	PERF	County Police Retirement Plan	County Police Benefit Plan
Contribution rates:			
County	6%	22%	2%
Plan members	3%	6%	6%
Actuarial valuation date	07-01-05	01-01-06	01-01-06
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	40 years	40 years	40 years
Amortization period (from date)	07-01-97	12-31-97	12-31-97
Asset valuation method	4 year smoothed market	4 year smoothed market	4 year smoothed market

Actuarial Assumptions

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

DAVIESS COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-03	\$ 217,671	100%	\$ (127,312)
	06-30-04	190,877	125%	(174,658)
	06-30-05	234,401	134%	(195,392)
County Police Retirement Plan	12-31-03	86,579	91%	4,280
	12-31-04	101,552	89%	15,446
	12-31-05	109,044	93%	22,506
County Police Benefit Plan	12-31-03	8,554	100%	-
	12-31-04	8,915	100%	-
	12-31-05	9,734	100%	-

DAVIESS 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	\$ 3,233,775	\$ 3,601,832	\$ (368,057)	90%	\$ 3,569,618	(10%)
07-01-04	3,339,495	4,094,322	(754,827)	82%	3,725,410	(20%)
07-01-05	3,541,731	4,721,590	(1,179,859)	75%	4,021,168	(29%)

County Police Pension 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)
01-01-01	\$ 1,023,920	\$ 1,023,920	\$ -	100%	\$ 414,003	0%
01-01-02	1,064,006	1,064,006	-	100%	424,754	0%
01-01-03	1,093,169	1,093,169	-	100%	464,749	0%
01-01-04	1,151,954	1,151,954	-	100%	483,758	0%
01-01-05	1,242,374	1,242,374	-	100%	488,666	0%
01-01-06	1,405,911	1,405,911	-	100%	576,912	0%

DAVIESS 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, 2006

	County Health	Local Road and Street	Accident Report	Firearms Training	Pretrial Diversion	Park and Recreation	Surveyor's Corner Perpetuation
Receipts:							
Taxes	\$ 139,917	\$ -	\$ -	\$ -	\$ -	\$ 1,883	\$ -
Licenses and permits	32,932	-	-	-	-	-	-
Intergovernmental	15,953	253,244	-	-	-	214	-
Charges for services	-	-	1,668	6,420	-	-	6,515
Fines and forfeits	-	-	-	-	-	-	-
Other	12,838	-	-	-	3,400	-	-
<b>Total receipts</b>	<b>201,640</b>	<b>253,244</b>	<b>1,668</b>	<b>6,420</b>	<b>3,400</b>	<b>2,097</b>	<b>6,515</b>
Disbursements:							
General government	-	-	-	-	-	-	15,000
Public safety	-	-	716	6,597	77,351	-	-
Highways and streets	-	232,189	-	-	-	-	-
Health and welfare	177,993	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	1,500	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>177,993</b>	<b>232,189</b>	<b>716</b>	<b>6,597</b>	<b>77,351</b>	<b>1,500</b>	<b>15,000</b>
Excess (deficiency) of receipts over disbursements	23,647	21,055	952	(177)	(73,951)	597	(8,485)
Other financing sources (uses):							
Transfers in	-	-	-	-	68,881	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>68,881</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	23,647	21,055	952	(177)	(5,070)	597	(8,485)
Cash and investment fund balance - beginning	103,271	29,876	6,484	8,739	129,184	3,358	15,509
Cash and investment fund balance - ending	<u>\$ 126,918</u>	<u>\$ 50,931</u>	<u>\$ 7,436</u>	<u>\$ 8,562</u>	<u>\$ 124,114</u>	<u>\$ 3,955</u>	<u>\$ 7,024</u>
<b>Cash and Investment Assets - December 31</b>							
Restricted assets:							
Cash and investments	<u>\$ 126,918</u>	<u>\$ 50,931</u>	<u>\$ 7,436</u>	<u>\$ 8,562</u>	<u>\$ 124,114</u>	<u>\$ 3,955</u>	<u>\$ 7,024</u>
<b>Cash and Investment Fund Balance - December 31</b>							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,024
Public safety	-	-	7,436	8,562	124,114	-	-
Highways and streets	-	50,931	-	-	-	-	-
Health and welfare	126,918	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	3,955	-
Debt service	-	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<b><u>\$ 126,918</u></b>	<b><u>\$ 50,931</u></b>	<b><u>\$ 7,436</u></b>	<b><u>\$ 8,562</u></b>	<b><u>\$ 124,114</u></b>	<b><u>\$ 3,955</u></b>	<b><u>\$ 7,024</u></b>

DAVISS 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, 2006  
 (Continued)

	Supplemental Adult Probation Services	Supplemental Juvenile Probation Services	County Extradition	Recorder's Records Perpetuation	County Law Enforcement Continuing Education	County User Fee	Local Health Maintenance
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	49,793
Charges for services	83,150	15,228	-	95,359	-	-	-
Fines and forfeits	-	-	-	-	-	76,421	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>83,150</b>	<b>15,228</b>	<b>-</b>	<b>95,359</b>	<b>-</b>	<b>76,421</b>	<b>49,793</b>
<b>Disbursements:</b>							
General government	-	-	-	19,287	-	-	-
Public safety	64,897	40	-	-	671	3,908	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	34,074
Culture and recreation	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>64,897</b>	<b>40</b>	<b>-</b>	<b>19,287</b>	<b>671</b>	<b>3,908</b>	<b>34,074</b>
Excess (deficiency) of receipts over disbursements	18,253	15,188	-	76,072	(671)	72,513	15,719
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	671	-	-
Transfers out	-	-	-	-	-	(69,552)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>671</b>	<b>(69,552)</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	18,253	15,188	-	76,072	-	2,961	15,719
Cash and investment fund balance - beginning	154,594	50,329	403	125,638	-	68,196	33,648
Cash and investment fund balance - ending	<u>\$ 172,847</u>	<u>\$ 65,517</u>	<u>\$ 403</u>	<u>\$ 201,710</u>	<u>\$ -</u>	<u>\$ 71,157</u>	<u>\$ 49,367</u>
<b>Cash and Investment Assets - December 31</b>							
<b>Restricted assets:</b>							
Cash and investments	<u>\$ 172,847</u>	<u>\$ 65,517</u>	<u>\$ 403</u>	<u>\$ 201,710</u>	<u>\$ -</u>	<u>\$ 71,157</u>	<u>\$ 49,367</u>
<b>Cash and Investment Fund Balance - December 31</b>							
<b>Restricted for:</b>							
General government	\$ -	\$ -	\$ -	\$ 201,710	\$ -	\$ -	\$ -
Public safety	172,847	65,517	403	-	-	71,157	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	49,367
Culture and recreation	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<b><u>\$ 172,847</u></b>	<b><u>\$ 65,517</u></b>	<b><u>\$ 403</u></b>	<b><u>\$ 201,710</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 71,157</u></b>	<b><u>\$ 49,367</u></b>

DAVIESS 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, 2006  
 (Continued)

	Sheriff's Commissary	Drainage Maintenance	Community Corrections Home Detention	Emergency Planning and Right to Know	County Drug Free Community	Guardian Ad Litem	County Corrections
<b>Receipts:</b>							
Taxes	\$ -	\$ 80,184	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	20,188
Charges for services	-	-	131,109	-	-	-	-
Fines and forfeits	-	-	-	-	30,991	-	-
Other	179,528	-	-	10	-	-	-
<b>Total receipts</b>	<b>179,528</b>	<b>80,184</b>	<b>131,109</b>	<b>10</b>	<b>30,991</b>	<b>-</b>	<b>20,188</b>
<b>Disbursements:</b>							
General government	-	79,867	-	-	-	-	-
Public safety	180,100	-	110,544	6,072	30,644	-	24,976
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>180,100</b>	<b>79,867</b>	<b>110,544</b>	<b>6,072</b>	<b>30,644</b>	<b>-</b>	<b>24,976</b>
Excess (deficiency) of receipts over disbursements	(572)	317	20,565	(6,062)	347	-	(4,788)
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(572)	317	20,565	(6,062)	347	-	(4,788)
Cash and investment fund balance - beginning	14,370	192,074	237,318	14,285	37,222	11,781	29,023
Cash and investment fund balance - ending	<u>\$ 13,798</u>	<u>\$ 192,391</u>	<u>\$ 257,883</u>	<u>\$ 8,223</u>	<u>\$ 37,569</u>	<u>\$ 11,781</u>	<u>\$ 24,235</u>
<b>Cash and Investment Assets - December 31</b>							
<b>Restricted assets:</b>							
Cash and investments	<u>\$ 13,798</u>	<u>\$ 192,391</u>	<u>\$ 257,883</u>	<u>\$ 8,223</u>	<u>\$ 37,569</u>	<u>\$ 11,781</u>	<u>\$ 24,235</u>
<b>Cash and Investment Fund Balance - December 31</b>							
<b>Restricted for:</b>							
General government	\$ -	\$ 192,391	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	13,798	-	257,883	8,223	37,569	11,781	24,235
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<b><u>\$ 13,798</u></b>	<b><u>\$ 192,391</u></b>	<b><u>\$ 257,883</u></b>	<b><u>\$ 8,223</u></b>	<b><u>\$ 37,569</u></b>	<b><u>\$ 11,781</u></b>	<b><u>\$ 24,235</u></b>

DAVIESS 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, 2006  
 (Continued)

	Supplemental Public Defender Services	Adult Protective Services	Community Services User Fees	Convention and Tourism Bureau	County Aviation	Community Corrections	Emergency Telephone System
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 80,007	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	82,649	-	-	9,101	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	61,147	-	-	-	-	-	-
Other	-	-	54,253	159,864	108,158	240,349	262,765
<b>Total receipts</b>	<b>61,147</b>	<b>82,649</b>	<b>54,253</b>	<b>159,864</b>	<b>197,266</b>	<b>240,349</b>	<b>262,765</b>
Disbursements:							
General government	-	-	-	159,864	185,514	-	-
Public safety	-	85,827	23,476	-	-	230,249	202,199
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>85,827</b>	<b>23,476</b>	<b>159,864</b>	<b>185,514</b>	<b>230,249</b>	<b>202,199</b>
Excess (deficiency) of receipts over disbursements	61,147	(3,178)	30,777	-	11,752	10,100	60,566
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	61,147	(3,178)	30,777	-	11,752	10,100	60,566
Cash and investment fund balance - beginning	48,868	(4,402)	14,153	-	285,894	15,121	74,057
Cash and investment fund balance - ending	<u>\$ 110,015</u>	<u>\$ (7,580)</u>	<u>\$ 44,930</u>	<u>\$ -</u>	<u>\$ 297,646</u>	<u>\$ 25,221</u>	<u>\$ 134,623</u>
<b>Cash and Investment Assets - December 31</b>							
Restricted assets:							
Cash and investments	<u>\$ 110,015</u>	<u>\$ (7,580)</u>	<u>\$ 44,930</u>	<u>\$ -</u>	<u>\$ 297,646</u>	<u>\$ 25,221</u>	<u>\$ 134,623</u>
<b>Cash and Investment Fund Balance - December 31</b>							
Restricted for:							
General government	\$ 110,015	\$ -	\$ -	\$ -	\$ 297,646	\$ -	\$ -
Public safety	-	(7,580)	44,930	-	-	25,221	134,623
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<b><u>\$ 110,015</u></b>	<b><u>\$ (7,580)</u></b>	<b><u>\$ 44,930</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 297,646</u></b>	<b><u>\$ 25,221</u></b>	<b><u>\$ 134,623</u></b>

DAVIESS 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, 2006  
 (Continued)

	County Family and Children	Clerk's Record Perpetuation	Tobacco Health Maintenance Grant	FAA Airport Improvement Grant	Airport Improvement Grant 2004	Tobacco Master Settlement	Wireless Emergency Telephone
Receipts:							
Taxes	\$ 693,203	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	790,841	-	-	-	262,314	19,133	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	7,093	6,084	-	-	-	-	161,473
<b>Total receipts</b>	<b>1,491,137</b>	<b>6,084</b>	<b>-</b>	<b>-</b>	<b>262,314</b>	<b>19,133</b>	<b>161,473</b>
Disbursements:							
General government	-	1,200	-	-	315,959	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	1,513,450	-	7,111	-	-	37,672	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>1,513,450</b>	<b>1,200</b>	<b>7,111</b>	<b>-</b>	<b>315,959</b>	<b>37,672</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(22,313)	4,884	(7,111)	-	(53,645)	(18,539)	161,473
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(22,313)	4,884	(7,111)	-	(53,645)	(18,539)	161,473
Cash and investment fund balance - beginning	256,618	9,035	7,111	7,083	53,836	46,838	139,640
Cash and investment fund balance - ending	<u>\$ 234,305</u>	<u>\$ 13,919</u>	<u>\$ -</u>	<u>\$ 7,083</u>	<u>\$ 191</u>	<u>\$ 28,299</u>	<u>\$ 301,113</u>
<u>Cash and Investment Assets - December 31</u>							
Restricted assets:							
Cash and investments	<u>\$ 234,305</u>	<u>\$ 13,919</u>	<u>\$ -</u>	<u>\$ 7,083</u>	<u>\$ 191</u>	<u>\$ 28,299</u>	<u>\$ 301,113</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
General government	\$ -	\$ 13,919	\$ -	\$ 7,083	\$ 191	\$ -	\$ -
Public safety	-	-	-	-	-	-	301,113
Highways and streets	-	-	-	-	-	-	-
Health and welfare	234,305	-	-	-	-	28,299	-
Culture and recreation	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<b><u>\$ 234,305</u></b>	<b><u>\$ 13,919</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 7,083</u></b>	<b><u>\$ 191</u></b>	<b><u>\$ 28,299</u></b>	<b><u>\$ 301,113</u></b>

DAVIESS 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, 2006  
 (Continued)

	Sales Disclosure	Community Transition Program Grant	Sheriff Donation	Sheriff Federal Enforcement	Sheriff State Drug Buy Money	Riverboat Revenue	Daviess/Martin Joint Park
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	46,915	-	-	-	-	-
Charges for services	-	-	-	-	-	-	621,156
Fines and forfeits	-	-	-	-	-	-	-
Other	3,525	-	6,215	118,607	14,382	187,651	6,482
<b>Total receipts</b>	<b>3,525</b>	<b>46,915</b>	<b>6,215</b>	<b>118,607</b>	<b>14,382</b>	<b>187,651</b>	<b>627,638</b>
<b>Disbursements:</b>							
General government	-	-	-	-	-	187,651	-
Public safety	-	51,302	13,318	142,226	12,137	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	605,741
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>51,302</b>	<b>13,318</b>	<b>142,226</b>	<b>12,137</b>	<b>187,651</b>	<b>605,741</b>
Excess (deficiency) of receipts over disbursements	3,525	(4,387)	(7,103)	(23,619)	2,245	-	21,897
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,525	(4,387)	(7,103)	(23,619)	2,245	-	21,897
Cash and investment fund balance - beginning	15,151	4,528	10,506	47,810	4,381	-	109,336
Cash and investment fund balance - ending	\$ 18,676	\$ 141	\$ 3,403	\$ 24,191	\$ 6,626	\$ -	\$ 131,233
<b>Cash and Investment Assets - December 31</b>							
<b>Restricted assets:</b>							
Cash and investments	\$ 18,676	\$ 141	\$ 3,403	\$ 24,191	\$ 6,626	\$ -	\$ 131,233
<b>Cash and Investment Fund Balance - December 31</b>							
<b>Restricted for:</b>							
General government	\$ 18,676	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	141	3,403	24,191	6,626	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	131,233
Debt service	-	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 18,676</b>	<b>\$ 141</b>	<b>\$ 3,403</b>	<b>\$ 24,191</b>	<b>\$ 6,626</b>	<b>\$ -</b>	<b>\$ 131,233</b>

DAVIESS 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, 2006  
 (Continued)

	Child Psych Residential Treatment	Bioterrorism	Community Development Block Grant	CDBG Maintenance Building	State Homeland Security Grant	Public Health Preparedness	Pandemic/ Influenza
Receipts:							
Taxes	\$ 67,971	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	7,709	-	750	7,843	43,537	44,161	2,000
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>75,680</u>	<u>-</u>	<u>750</u>	<u>7,843</u>	<u>43,537</u>	<u>44,161</u>	<u>2,000</u>
Disbursements:							
General government	-	-	750	13,291	-	-	-
Public safety	-	7,474	-	-	67,437	48,952	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	43,504	-	-	-	-	-	1,500
Culture and recreation	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Total disbursements	<u>43,504</u>	<u>7,474</u>	<u>750</u>	<u>13,291</u>	<u>67,437</u>	<u>48,952</u>	<u>1,500</u>
Excess (deficiency) of receipts over disbursements	<u>32,176</u>	<u>(7,474)</u>	<u>-</u>	<u>(5,448)</u>	<u>(23,900)</u>	<u>(4,791)</u>	<u>500</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>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>32,176</u>	<u>(7,474)</u>	<u>-</u>	<u>(5,448)</u>	<u>(23,900)</u>	<u>(4,791)</u>	<u>500</u>
Cash and investment fund balance - beginning	<u>74,162</u>	<u>20,792</u>	<u>-</u>	<u>5,448</u>	<u>23,900</u>	<u>(7,800)</u>	<u>-</u>
Cash and investment fund balance - ending	<u>\$ 106,338</u>	<u>\$ 13,318</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,591)</u>	<u>\$ 500</u>
<u>Cash and Investment Assets - December 31</u>							
Restricted assets:							
Cash and investments	<u>\$ 106,338</u>	<u>\$ 13,318</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,591)</u>	<u>\$ 500</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	13,318	-	-	-	(12,591)	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	106,338	-	-	-	-	-	500
Culture and recreation	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 106,338</u>	<u>\$ 13,318</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (12,591)</u>	<u>\$ 500</u>

DAVIESS 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, 2006  
 (Continued)

	Identity Security Protection	Clerk's Title III	CEDIT Bond and Interest	Davieess County CEDIT	Cumulative Capital Development	Cumulative Courthouse Buildings
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ 679,651	\$ 114,704	\$ 331
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	13,169	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	12,947	-	-	-	-	-
<b>Total receipts</b>	<b>12,947</b>	<b>-</b>	<b>-</b>	<b>679,651</b>	<b>127,873</b>	<b>331</b>
Disbursements:						
General government	-	780	20,058	543,426	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	22,312
Public safety	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>780</b>	<b>20,058</b>	<b>543,426</b>	<b>-</b>	<b>22,312</b>
Excess (deficiency) of receipts over disbursements	12,947	(780)	(20,058)	136,225	127,873	(21,981)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	12,947	(780)	(20,058)	136,225	127,873	(21,981)
Cash and investment fund balance - beginning	-	850	20,058	680,208	-	113,943
Cash and investment fund balance - ending	<u>\$ 12,947</u>	<u>\$ 70</u>	<u>\$ -</u>	<u>\$ 816,433</u>	<u>\$ 127,873</u>	<u>\$ 91,962</u>
<u>Cash and Investment Assets - December 31</u>						
Restricted assets:						
Cash and investments	<u>\$ 12,947</u>	<u>\$ 70</u>	<u>\$ -</u>	<u>\$ 816,433</u>	<u>\$ 127,873</u>	<u>\$ 91,962</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
General government	\$ -	\$ 70	\$ -	\$ -	\$ 127,873	\$ 91,962
Public safety	12,947	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	816,433	-	-
<b>Total cash and investment fund balance - December 31</b>	<b><u>\$ 12,947</u></b>	<b><u>\$ 70</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 816,433</u></b>	<b><u>\$ 127,873</u></b>	<b><u>\$ 91,962</u></b>

DAVIESS 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, 2006  
 (Continued)

	County Jail Revenue	Cumulative Jail	CEDIT Project	Levy Excess	Welfare Levy Excess	Totals
Receipts:						
Taxes	\$ -	\$ 766	\$ 23,838	\$ -	\$ -	\$ 1,882,455
Licenses and permits	-	-	-	-	-	32,932
Intergovernmental	-	-	-	-	-	1,669,514
Charges for services	-	-	-	-	-	960,605
Fines and forfeits	-	-	-	-	-	168,559
Other	<u>1,037,492</u>	-	<u>19,690</u>	<u>52,961</u>	<u>6,623</u>	<u>2,662,390</u>
Total receipts	<u>1,037,492</u>	<u>766</u>	<u>43,528</u>	<u>52,961</u>	<u>6,623</u>	<u>7,376,455</u>
Disbursements:						
General government	-	-	732,165	52,961	6,623	2,334,396
Public safety	-	-	-	-	-	1,391,113
Highways and streets	-	-	-	-	-	232,189
Health and welfare	-	-	-	-	-	1,815,304
Culture and recreation	-	-	-	-	-	607,241
Capital outlay:						
General government	-	-	-	-	-	22,312
Public safety	<u>757,814</u>	<u>782,732</u>	-	-	-	<u>1,540,546</u>
Total disbursements	<u>757,814</u>	<u>782,732</u>	<u>732,165</u>	<u>52,961</u>	<u>6,623</u>	<u>7,943,101</u>
Excess (deficiency) of receipts over disbursements	<u>279,678</u>	<u>(781,966)</u>	<u>(688,637)</u>	-	-	<u>(566,646)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	69,552
Transfers out	-	-	-	-	-	<u>(69,552)</u>
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	279,678	(781,966)	(688,637)	-	-	(566,646)
Cash and investment fund balance - beginning	<u>125,764</u>	<u>1,249,058</u>	<u>688,637</u>	-	-	<u>5,405,886</u>
Cash and investment fund balance - ending	<u>\$ 405,442</u>	<u>\$ 467,092</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,839,240</u>
<u>Cash and Investment Assets - December 31</u>						
Restricted assets:						
Cash and investments	<u>\$ 405,442</u>	<u>\$ 467,092</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,839,240</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,068,560
Public safety	405,442	467,092	-	-	-	2,222,401
Highways and streets	-	-	-	-	-	50,931
Health and welfare	-	-	-	-	-	545,727
Culture and recreation	-	-	-	-	-	135,188
Debt service	-	-	-	-	-	<u>816,433</u>
Total cash and investment fund balance - December 31	<u>\$ 405,442</u>	<u>\$ 467,092</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,839,240</u>

DAVIESS COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For The Year Ended December 31, 2006

	Congressional School Principal	Landfill Closure/Post Closure	Total
Additions:			
Investment earnings:			
Interest	\$ -	\$ 5,504	\$ 5,504
Excess of total additions over total deductions	-	5,504	5,504
Cash and investment fund balance - beginning	19,656	152,601	172,257
Cash and investment fund balance - ending	\$ 19,656	\$ 158,105	\$ 177,761

DAVIESS COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2006

	GPC TIF	Tax Sale Redemption	Tax Sale Surplus	State Fees	Inheritance Tax	Surplus Tax	Congressional School Interest
Additions:							
Agency fund additions	\$ 545,543	\$ 90,466	\$ 60,276	\$ 29,292	\$ 571,253	\$ 35,683	\$ 2,457
Deductions:							
Agency fund deductions	545,543	88,027	84,161	29,138	483,847	35,645	786
Excess (deficiency) of total additions over total deductions	-	2,439	(23,885)	154	87,406	38	1,671
Cash and investment fund balance - beginning	-	19	127,211	200	68,828	1,396	57,408
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 2,458</u>	<u>\$ 103,326</u>	<u>\$ 354</u>	<u>\$ 156,234</u>	<u>\$ 1,434</u>	<u>\$ 59,079</u>

DAVIESS COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2006  
 (Continued)

	Prosecutor's Trust	County Sheriff	Tax Distributions	Sewage Collections	County Payroll	Clerk of the Circuit Court
Additions: Agency fund additions	\$ 126,912	\$ 597,357	\$ 28,760,908	\$ 6,348	\$ 7,776,281	\$ 2,883,794
Deductions: Agency fund deductions	107,922	597,357	28,747,422	6,348	7,823,741	2,787,255
Excess (deficiency) of total additions over total deductions	18,990	-	13,486	-	(47,460)	96,539
Cash and investment fund balance - beginning	7,379	-	-	-	189,681	683,934
Cash and investment fund balance - ending	<u>\$ 26,369</u>	<u>\$ -</u>	<u>\$ 13,486</u>	<u>\$ -</u>	<u>\$ 142,221</u>	<u>\$ 780,473</u>

DAVIESS COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2006  
 (Continued)

	Welfare Trust	Sheriff's Inmate Trust	County Recorder	County Treasurer	Educational Plate Fee	City/Town Court Costs
Additions:						
Agency fund additions	\$ 5,406	\$ 223,798	\$ 228,296	\$ 35,378,764	\$ 1,125	\$ 8,388
Deductions:						
Agency fund deductions	6,084	223,193	226,337	35,469,573	1,125	3,622
Excess (deficiency) of total additions over total deductions	(678)	605	1,959	(90,809)	-	4,766
Cash and investment fund balance - beginning	3,503	291	16,623	626,751	-	-
Cash and investment fund balance - ending	<u>\$ 2,825</u>	<u>\$ 896</u>	<u>\$ 18,582</u>	<u>\$ 535,942</u>	<u>\$ -</u>	<u>\$ 4,766</u>

DAVIESS COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2006  
 (Continued)

	County Home Resident's Trust	Probation Department	City Users Fees Deferral	County Airport	State Fines and Forfeitures	Interstate Compact Fee
Additions:						
Agency fund additions	\$ 3,300	\$ 111,104	\$ 6,710	\$ 112,128	\$ 146	\$ 338
Deductions:						
Agency fund deductions	3,350	101,316	6,710	109,739	238	300
Excess (deficiency) of total additions over total deductions	(50)	9,788	-	2,389	(92)	38
Cash and investment fund balance - beginning	50	21,528	-	8,503	142	-
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 31,316</u>	<u>\$ -</u>	<u>\$ 10,892</u>	<u>\$ 50</u>	<u>\$ 38</u>

DAVIESS COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2006  
 (Continued)

	Children With Special Health Care Needs	Medical Assistance to Wards	Health Care for the Indigent	Community Corrections	Health Department	Total
Additions: Agency fund additions	\$ 48,657	\$ 42,450	\$ 48,657	\$ 227,469	\$ 40,518	\$ 77,973,824
Deductions: Agency fund deductions	48,657	42,450	48,657	223,082	40,518	77,892,143
Excess (deficiency) of total additions over total deductions	-	-	-	4,387	-	81,681
Cash and investment fund balance - beginning	-	-	-	17,754	-	1,831,201
Cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ 22,141	\$ -	\$ 1,912,882

# Auditor of Daviess County

Gail L. Doades

Daviess County Courthouse

200 E. Walnut St.

Washington, IN 47501

812-254-8662

812-254-8697 Fax

## DAVIESS COUNTY SUPPLEMENTARY INFORMATION SCHEDULE OF LONG-TERM DEBT For the Year Ended December 31, 2006

### CAPITAL LEASES

The County has entered into the following capital leases:

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
Emergency Telephone System	\$ 733,277	\$ 71,165
Jail	12,160,000	335,000
Road Grader	<u>157,991</u>	<u>22,880</u>
Total Leases	\$ 13,051,268	429,045
Revenue Bonds		
2005 Issue	<u>\$ 785,000</u>	<u>305,000</u>
Total governmental activities Long term debt	<u>13,836,268</u>	<u>734,045</u>

DAVISS COUNTY  
OTHER REPORTS

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

County Auditor  
County Board of Aviation

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

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

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

TO: THE OFFICIALS OF DAVIESS COUNTY, INDIANA

Compliance

We have audited the compliance of the Daviess 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, 2006. The County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

As described in item 2006-1 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding procurement that are applicable to its Airport Improvement Program. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its other major federal programs for the year ended December 31, 2006.

Internal Control Over Compliance

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

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

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as item 2006-1.

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

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

STATE BOARD OF ACCOUNTS

June 19, 2007

DAVIESS COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2006

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 Housing and Community Development Authority Community Development Block Grants/State's Program	14.228	PN-004-001	\$ 750
Pass-Through Office of Rural Affairs Community Development Block Grants/State's Program	14.228	CF-02-142	<u>13,291</u>
Total for federal grantor agency			<u>14,041</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Direct Grant			
Airport Improvement Program	20.106		
Project #3-13-0086-07			56,688
Project #3-13-0086-08			<u>196,999</u>
Total for federal grantor agency			<u>253,687</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through Indiana State Department of Health Center for Disease Control and Prevention - Investigations and Technical Assistance	93.283		
Bioterrorism Preparedness and Response		FY2006	7,474
Public Health Preparedness		FY2006	<u>48,952</u>
Total for program			<u>56,426</u>
Pass-Through Indiana Department of Child Services Child Support Enforcement	93.563		
County Prosecutor			166,578
County Clerk			16,040
Collection Incentives			33,045
Indirect Costs			<u>35,855</u>
Total for program			<u>251,518</u>
Total for federal grantor agency			<u>307,944</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security State Domestic Preparedness Equipment Support Program	97.004		<u>67,437</u>
Total federal awards expended			<u>\$ 643,109</u>

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

DAVIESS 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 Daviess 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.

DAVISS COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Qualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

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

Type of auditor's report issued on compliance for major programs:  
Qualified for the Airport Improvement Program. Other major programs are 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
20.106	Airport Improvement Program
93.563	Child Support Enforcement

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

DAVIESS COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2006-1, CONSTRUCTION PROCUREMENT

Federal Agency: U.S. Department of Transportation  
Federal Program: Airport Improvement Program  
CFDA Number: 20.106  
Federal Award Number: 3-18-0086-08

The County Board of Aviation did not request or receive bids as required by the Public Works Law of the State of Indiana for the construction of a ten unit T-Hangar and Hangar Taxiways. The Board of Aviation considered this a continuation of a prior construction project, they would accept change orders for the additional construction.

OMB Circular A-133 states: "States, and governmental sub-recipients of States, shall use the same State policies and procedures as used for procurements of non-Federal funds."

Indiana Code 36-1-12-4(a) states in part: "This section applies whenever the cost of a public work project will be: (1) at least seventy-five thousand dollars (\$75,000) in: (A) a consolidated city or second class city; or (B) a county containing a consolidated city or second class city; (2) at least fifty thousand dollars (\$50,000) in: (A) a third class city or town with a population of more than five thousand (5,000), or (B) a county containing a third class city or town with a population of more than five thousand (5,000); or (3) at least twenty-five thousand dollars (\$25,000) in a political subdivision or an agency not described in subdivision (1) or (2)."

Indiana Code 36-1-12-4(b) states in part: "The board must comply with the following procedure: (1) The board shall prepare general plans and specifications describing the kind of public work required, but shall avoid specifications which might unduly limit competition. . . . (2) The board shall file the plans and specifications in a place reasonably accessible to the public, which shall be specified in the notice required by subdivision (3). (3) Upon the filing of the plans and specifications, the board shall publish notice in accordance with IC 5-3-1 calling for sealed proposals for the public work needed. . . ."

Indiana Code 36-1-12-18(d) states in part: "The total of all change orders issued that increase the scope of the project may not exceed twenty percent (20%) of the amount of the original contract."

Indiana Code 36-1-12-18(e) states: "All change order must be directly related to the original public work project."

Failure to comply with the Public Works Law makes it difficult for the unit to ensure compliance with the requirements of the program. Additionally, the unit's ability to obtain future federal awards may be jeopardized.

We recommended that officials review the procedures used to procure future construction to ensure that they are in compliance with the applicable laws of the State of Indiana.

# Auditor of Daviess County

Gail L. Doades

*Daviess County Courthouse*

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Washington, IN 47501

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## FINDING NO. 2005-1 CASH MANAGEMENT

Federal Agency: Federal Aviation Administration

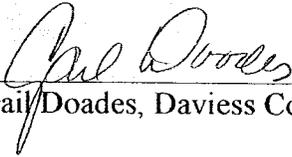
Federal Program: Airport Improvement Program

CFDA Number: 20.106

Federal Award Number: 3-18-0086-07

The Corrective Action Plan has been adhered to and the necessary steps have been taken to eliminate the time lapse between when money is received and when it is disbursed.

Dated: June 19, 2007

  
\_\_\_\_\_  
Gail Doades, Daviess County Auditor

# Auditor of Daviess County

Gail L. Doades

*Daviess County Courthouse*

*200 E. Walnut St.*

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## CORRECTIVE ACTION PLAN

### Section III – Federal Award Findings and Questioned Costs

Finding No. 2006-1 PROCUREMENT

Federal Agency : Federal Aviation Administration

Federal Program: Airport Improvement Program

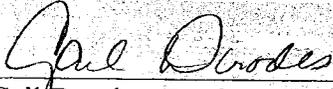
CFDA Nimber: 20.106

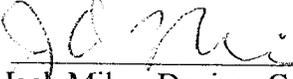
Federal Award Number: 3-18-008608

#### Corrective Action:

1. The County Board of Aviation and Jack Miles, County Airport Manager have discussed the finding and have reviewed the Public Works Law of the State of Indiana.
2. In the future all projects will be bid according to the Public Works Law of the State of Indiana.

Dated: June 19, 2007

  
\_\_\_\_\_  
Gail Doades, Daviess County Auditor

  
\_\_\_\_\_  
Jack Miles, Daviess County Airport Manager

DAVIESS COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on June 19, 2007, with Gail L. Doades, Auditor; Steve Myers, President of the Board of County Commissioners; and Loretta Kendall, President of the County Council.