

B30387

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

ANNUAL FINANCIAL REPORT

2006

HANCOCK COUNTY, INDIANA



FILED
08/23/2007

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Vicki L. Saunders	01-01-04 to 12-31-07
Treasurer	Janice Silvey	01-01-05 to 12-31-08
Clerk	Linda J. Grass Sharon Burris	01-01-03 to 12-31-06 01-01-07 to 12-31-10
Sheriff	Nicholas R. Gulling C. K. "Bud" Gray	01-01-03 to 12-31-06 01-01-07 to 12-31-10
Recorder	Carolyn J. Grass Sharon Shambaugh	01-01-03 to 12-31-06 01-01-07 to 12-31-10
President of the Board of County Commissioners	Brian Kleiman Jack Heiden	01-01-06 to 12-31-06 01-01-07 to 12-31-07
President of the County Council	Thomas Roney William Bolander	01-01-06 to 12-31-06 01-01-07 to 12-31-07



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 HANCOCK COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hancock 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 component unit of the County which should have been included to fairly present the financial position of the County.

In our opinion, except that the omission of the component unit of the County referred to in the preceding paragraph results in incomplete presentation, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 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 July 2, 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, Schedule of Capital Assets, 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 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

July 2, 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 HANCOCK COUNTY, INDIANA

We have audited the financial statements of Hancock County (County), as of and for the year ended December 31, 2006, and have issued our report thereon dated July 2, 2007. The opinion to the financial statements was qualified due to the omission of a component unit resulting in incomplete presentation. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 2006-1 and 2006-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe none of the reportable conditions described above is a material weakness.

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

We noted other matters involving the internal control over financial reporting that we have discussed with the management of the County on July 2, 2007. These immaterial instances of noncompliance were subsequently communicated to management in a separate letter.

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

STATE BOARD OF ACCOUNTS

July 2, 2007

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

Functions/Programs	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipt and Changes in Net Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government Total</u>
Primary government:				
Governmental activities:				
General government	\$ 17,688,189	\$ 2,504,058	\$ 354,400	\$ (14,829,731)
Public safety	8,582,614	2,614,473	803,367	(5,164,774)
Highways and streets	5,704,084	178,249	3,681,741	(1,844,094)
Sanitation	5,614	-	3,889	(1,725)
Health and welfare	3,009,034	92,677	272,564	(2,643,793)
Interest on long-term debt	444,243	-	-	(444,243)
Total primary government	<u>\$ 35,433,778</u>	<u>\$ 5,389,457</u>	<u>\$ 5,115,961</u>	<u>(24,928,360)</u>
General receipts:				
Property taxes				14,702,339
Other taxes				3,043,633
Riverboat revenue sharing				864,841
Refunds and reimbursements				778,715
Grants and contributions not restricted to specific programs				400,483
Unrestricted investment earnings				714,638
Special item:				
Sale of property				<u>8,116</u>
Total general receipts and special item				<u>20,512,765</u>
Change in net assets				(4,415,595)
Net assets - beginning				<u>21,593,789</u>
Net assets - ending				<u>\$ 17,178,194</u>
<u>Assets</u>				
Cash and investments				\$ 3,362,362
Restricted assets:				
Cash and investments				<u>13,815,832</u>
Total assets				<u>\$ 17,178,194</u>
<u>Net Assets</u>				
Restricted for:				
General government				\$ 4,078,031
Public safety				1,268,357
Highways and streets				2,413,271
Sanitation				3,619
Health and welfare				1,316,834
Debt service				1,126,149
Capital projects				3,321,900
Other purposes				287,671
Unrestricted				<u>3,362,362</u>
Total net assets				<u>\$ 17,178,194</u>

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

HANCOCK 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	Drainage Maintenance	Courthouse Renovation	Cumulative Bridge	Other Governmental Funds	Totals
Receipts:							
Taxes	\$ 10,261,456	\$ 131,769	\$ -	\$ -	\$ 1,090,315	\$ 3,438,513	\$ 14,922,053
Licenses and permits	-	34,150	476,519	-	-	-	510,669
Intergovernmental	1,151,531	3,981,096	-	-	155,538	2,885,135	8,173,300
Charges for services	1,924,579	60,622	2,650	-	260	2,300,657	4,288,768
Fines and forfeits	335,307	6,750	-	-	-	13,902	355,959
Other	1,715,592	37,917	4,143	69,487	87,026	793,516	2,707,681
Total receipts	15,388,465	4,252,304	483,312	69,487	1,333,139	9,431,723	30,958,430
Disbursements:							
General government	9,256,779	-	433,971	-	-	1,627,043	11,317,793
Public safety	5,821,481	-	-	-	-	2,212,115	8,033,596
Highways and streets	-	3,592,174	-	-	-	482,162	4,074,336
Sanitation	-	-	-	-	-	5,614	5,614
Health and welfare	-	-	-	-	-	3,002,443	3,002,443
Debt service:							
Principal	-	-	-	-	-	1,513,000	1,513,000
Interest	-	-	-	-	-	444,243	444,243
Capital outlay:							
General government	480,505	-	-	4,516,379	-	255,020	5,251,904
Public safety	-	-	-	-	-	216,016	216,016
Highways and streets	-	445,624	-	-	1,184,125	-	1,629,749
Health and welfare	-	-	-	-	-	6,591	6,591
Total disbursements	15,558,765	4,037,798	433,971	4,516,379	1,184,125	9,764,247	35,495,285
Excess (deficiency) of receipts over (under) disbursements	(170,300)	214,506	49,341	(4,446,892)	149,014	(332,524)	(4,536,855)
Other financing sources (uses):							
Interfund loans	850,000	-	-	-	-	871,978	1,721,978
Interfund services provided and used	(850,000)	-	-	-	-	(871,978)	(1,721,978)
Transfers in	143,097	63,716	7,987	-	366	1,069,202	1,284,368
Transfers out	(30,000)	-	(35,931)	-	(71,703)	(1,146,734)	(1,284,368)
Other receipts	-	59,752	-	-	-	-	59,752
Total other financing sources (uses)	113,097	123,468	(27,944)	-	(71,337)	(77,532)	59,752
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(57,203)	337,974	21,397	(4,446,892)	77,677	(410,056)	(4,477,103)
Cash and investment fund balance - beginning	2,553,216	1,148,036	2,213,231	4,554,422	1,830,285	9,210,490	21,509,680
Cash and investment fund balance - ending	\$ 2,496,013	\$ 1,486,010	\$ 2,234,628	\$ 107,530	\$ 1,907,962	\$ 8,800,434	17,032,577
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.							
							145,617
Net assets of governmental activities							\$ 17,178,194
Cash and Investment Assets - December 31							
Cash and investments	\$ 2,496,013	\$ -	\$ -	\$ -	\$ -	\$ 866,349	\$ 3,362,362
Restricted assets:							
Cash and investments	-	1,486,010	2,234,628	107,530	1,907,962	7,934,085	13,670,215
Total cash and investment assets - December 31	\$ 2,496,013	\$ 1,486,010	\$ 2,234,628	\$ 107,530	\$ 1,907,962	\$ 8,800,434	\$ 17,032,577
Cash and Investment Fund Balance - December 31							
Restricted for:							
General government	\$ -	\$ -	\$ 2,234,628	\$ -	\$ -	\$ 1,843,403	\$ 4,078,031
Public safety	-	-	-	-	-	1,268,357	1,268,357
Highways and streets	-	1,486,010	-	-	1,907,962	927,261	4,321,233
Sanitation	-	-	-	-	-	3,619	3,619
Health and welfare	-	-	-	-	-	1,316,834	1,316,834
Debt service	-	-	-	-	-	1,126,149	1,126,149
Capital projects	-	-	-	107,530	-	1,306,408	1,413,938
Other purposes	-	-	-	-	-	142,054	142,054
Unrestricted	2,496,013	-	-	-	-	866,349	3,362,362
Total cash and investment fund balance - December 31	\$ 2,496,013	\$ 1,486,010	\$ 2,234,628	\$ 107,530	\$ 1,907,962	\$ 8,800,434	\$ 17,032,577

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

HANCOCK 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, 2006

	Internal Service Fund
Operating receipts:	
Insurance proceeds	\$ 1,350,000
Operating disbursements:	
Insurance disbursements	<u>1,288,492</u>
Excess of receipts over disbursements	61,508
Cash and investment fund balance - beginning	<u>84,109</u>
Cash and investment fund balance - ending	<u>\$ 145,617</u>
<u>Cash and Investment Assets - December 31</u>	
Restricted assets:	
Cash and investments	<u>\$ 145,617</u>
<u>Cash and Investment Fund Balance - December 31</u>	
Restricted for:	
Other purposes	<u>\$ 145,617</u>

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

HANCOCK 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:			
Employer	\$ 351,000	\$ -	\$ -
Plan members	<u>50,000</u>	<u>-</u>	<u>-</u>
Total contributions	<u>401,000</u>	<u>-</u>	<u>-</u>
Investment earnings:			
Net increase in fair value of investments	143,937	-	-
Interest	<u>155,883</u>	<u>-</u>	<u>-</u>
Total investment earnings	299,820	-	-
Less investment disbursements	<u>(736,860)</u>	<u>-</u>	<u>-</u>
Net investment earnings	<u>(437,040)</u>	<u>-</u>	<u>-</u>
Agency fund additions	<u>-</u>	<u>-</u>	<u>187,301,209</u>
Total additions	<u>(36,040)</u>	<u>-</u>	<u>187,301,209</u>
Deductions:			
Benefits	54,518	-	-
Administrative and general	54,992	-	-
Agency fund deductions	<u>-</u>	<u>-</u>	<u>184,901,799</u>
Total deductions	<u>109,510</u>	<u>-</u>	<u>184,901,799</u>
Excess (deficiency) of total additions over (under) total deductions	(145,550)	-	2,399,410
Cash and investment fund balance - beginning	<u>4,668,564</u>	<u>10,741</u>	<u>6,740,523</u>
Cash and investment fund balance - ending	<u>\$ 4,523,014</u>	<u>\$ 10,741</u>	<u>\$ 9,139,933</u>

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

HANCOCK 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, public improvements, planning and zoning, and general administrative services.

The County's financial reporting entity is composed of the following:

Primary Government:	Hancock County
Discretely Presented Component Unit:	Hancock Regional Hospital

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

The Hancock Regional 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.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. However, there were no business-type activities which require inclusion.

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 county highway fund accounts for the financial resources and expenses related to the maintenance, repair, construction and reconstruction of county roads within the County.

HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

The drainage maintenance fund accounts for the financial resources and expenses related to repairing and maintaining drains located in the County.

The courthouse renovation fund accounts for the funds acquired from the issuance of bonds to be used for the reconstruction and renovation of the courthouse.

The cumulative bridge fund accounts for the financial resource to be used for the acquisition, construction or reconstruction of bridges.

Additionally, the County reports the following fund types:

The internal service fund accounts for health insurance and limited liability insurance costs and is provided to various other departments based on a premium charged.

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 other governments.

Agency funds account for assets held by the County as an agent for individuals, private organizations, and other governments, and serve as control of accounts for certain cash transactions during the time they are a liability to the County.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, 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. Exceptions to this general rule are payments-in-lieu of taxes and other charges. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

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.

HANCOCK 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.

HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities. The County does not have any enterprise funds.

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

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

Government-Wide Financial Statements

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

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

Budgetary Information

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

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

HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the County receives approval of the Indiana Department of Local Government Finance.

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

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. At December 31, 2006, 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. treasuries and securities	\$ 768,413
Government sponsored enterprise	367,236
Common stock	3,444,062
Corporate bonds	573,123
Fixed rate capital securities	43,399
Mutual funds	398,994
Total	\$ 5,595,227

HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Investment Policies

Indiana Code 5-13-9 authorizes the County to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the unit to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the County and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the County may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the unit's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

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

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The County does not have a formal investment policy for custodial credit risk for investments. Neither the County nor the Sheriff's Pension Plans have a formal investment policy for custodial credit risk. At December 31, 2006, the Sheriff's Pension Plans held investments in Government Sponsored Enterprises, U.S. Treasuries and Securities, Common Stock, Fixed Rate Capital Securities, Mutual Funds, and Corporate Bonds in the amount of \$5,595,227. These investments were held by the counterparty's trust department or agent in the County's name.

Interest Rate Risk

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

HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. treasuries and securities	\$ 32,889	\$ 273,425	\$ 462,099
Government sponsored enterprise	-	117,877	249,359
Common stock	3,444,062	-	-
Corporate bonds	-	-	573,123
Fixed rate capital securities	20,092	10,465	12,842
Mutual funds	398,994	-	-
Totals	<u>\$ 3,896,037</u>	<u>\$ 401,767</u>	<u>\$ 1,297,423</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.

Sheriff's Retirement and Benefit Pension Plans:

Standard and Poor's Rating	Moody's Rating	Sheriff Pension Plan's Investments			
		Mutual Funds	Corporate Bonds	Government Sponsored Enterprise	Fixed Rate Capital Securities
AAA	Aaa	\$ -	\$ 29,821	\$ 367,236	\$ -
AA	Aa	-	135,284	-	4,699
A	A	-	243,282	-	11,738
BBB	Baa	-	137,515	-	26,962
BB	Ba	-	10,601	-	-
Unrated	Unrated	398,994	16,620	-	-
Totals		<u>\$ 398,994</u>	<u>\$ 573,123</u>	<u>\$ 367,236</u>	<u>\$ 43,399</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

The Sheriff's Merit Board has not adopted a policy for the concentration of credit risk. More than 5% of the Sheriff's Retirement and Benefit investments are in U.S. treasuries and securities, government sponsored enterprise, common stock, corporate bonds, and mutual funds. These investments represent 14%, 7%, 62%, 10%, and 7%, respectively, of the total investments.

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
General Fund	Other governmental	\$ 30,000
Drainage Maintenance	Other governmental	35,565
Other governmental	General Fund	143,097
Cumulative Bridge	County Highway	63,716
Cumulative Bridge	Drainage Maintenance	7,987
Other governmental	Other governmental	1,003,637
Drainage Maintenance	Cumulative Bridge	366
Total		\$ 1,284,368

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; 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 to employees, retirees, and dependents (excluding postemployment benefits). The risk financing fund is accounted for in the Health Claims Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess

HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

of \$50,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

Job Related Illnesses or Injuries to Employees

During 1992, the County joined with other governmental entities to form the Indiana Public Employee Plan, Inc., a public entity risk pool currently operating as a common risk management and insurance program for governmental entities. This risk pool was formed in 1990. The purpose of the risk pool is to provide a medium for the funding and administration of job related illness and injury benefits to employees. The County pays an annual premium to the risk pool for its job related illness and injury coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event.

B. Subsequent Events

On May 9, 2007, the County approved a preliminary bond ordinance to fund the construction of the Hancock County Emergency Operations Center, the acquisition of land, and the renovation of various County government buildings in an amount not to exceed \$4,000,000.

C. Postemployment Benefits

In addition to the pension benefits described below, the County provides postemployment health insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the County on or after attaining age 55. Employees who are age 55, have at least 10 years of service, and have been a member of the County's health insurance program for the last 4 years when they retire, are responsible for 50% of the annual premium and the County is responsible for 50% (Plan A). Employees who have not been a member of the County's health insurance program in the 4 years preceding retirement, but are age 55 and have at least 20 years of service may elect health insurance coverage and are responsible for 100% of the annual premium (Plan B). Currently, 6 retirees meet the eligibility requirements for Plan A. There are no current retirees who meet the requirements for Plan B. Disbursements for these postemployment benefits are recognized on a pay-as-you-go basis. Disbursements for postemployment benefits cannot be reasonably estimated.

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. Hospital Debt Obligation

The County and Hancock Regional Hospital (Hospital) entered into a capital lease with the Hancock County Hospital Association (lessor) on April 14, 2004, amended June 22, 2004, for the acquisition, construction, and equipping of certain improvements to the existing County hospital facilities and a

HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

new addition thereto. 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 government. Lease rental payments are payable solely from the net revenues of the Hospital and, to the extent the Hospital revenues are insufficient, ad valorem property taxes levied and collected by the County on all taxable property within the geographical boundaries of the County. Lease rental payments are due semiannually June 30, 2006 through December 31, 2030, and total \$62,441,000. This debt is an obligation of the Hospital, and is not a direct liability of the County itself. Accordingly, no liability is presented by the County.

F. Pension Plans

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

1. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

2. County Police Retirement Plan

Plan Description

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

HANCOCK 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	\$ 362,866	\$ 329,373	\$ 27,854
Interest on net pension obligation	(13,095)	1,285	-
Adjustment to annual required contribution	<u>14,923</u>	<u>(1,985)</u>	<u>-</u>
Annual pension cost	364,694	328,673	27,854
Contributions made	<u>311,689</u>	<u>331,427</u>	<u>27,854</u>
Increase (decrease) in net pension obligation	53,005	(2,754)	-
Net pension obligation, beginning of year	<u>(180,620)</u>	<u>18,363</u>	<u>-</u>
Net pension obligation, end of year	<u>\$ (127,615)</u>	<u>\$ 15,609</u>	<u>\$ -</u>

HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

	PERF	County Police Retirement Plan	County Police Benefit Plan
Contribution rates:			
County	4.50%	20%	3%
Plan members	3%	6%	0%
Actuarial valuation date	07-01-06	01-01-07	01-01-07
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	12-31-97	*
Asset valuation method	4 year smoothed market	Market value	Market value

*The aggregate cost method does not identify or separately amortize unfunded actuarial liabilities. The actuarial present value of projected benefits of the group in excess of the actuarial value of assets is allocated on a level basis over the earnings 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	06-30-04	\$ 197,212	115%	\$ (165,034)
	06-30-05	262,945	106%	(180,620)
	06-30-06	364,694	119%	(127,615)
County Police Retirement Plan	12-31-04	297,038	100%	19,091
	12-31-05	283,810	100%	18,363
	12-31-06	328,673	100%	15,609
County Police Benefit Plan	12-31-04	29,814	100%	-
	12-31-05	25,441	100%	-
	12-31-06	27,854	100%	-

HANCOCK COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 4,232,857	\$ 4,065,389	\$ 167,468	104%	\$ 5,936,306	3%
07-01-05	4,453,328	5,142,277	(688,949)	87%	6,275,888	(11%)
07-01-06	4,938,269	5,507,838	(569,569)	90%	6,875,337	(8%)

County Police Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-02	\$ 3,368,141	\$ 3,368,141	\$ -	100%	\$ 1,399,516	0%
01-01-03	3,581,977	3,581,977	-	100%	1,461,604	0%
01-01-04	3,974,391	3,974,391	-	100%	1,622,964	0%
01-01-05	4,465,708	4,465,708	-	100%	1,641,232	0%
01-01-06	4,960,370	4,960,370	-	100%	1,750,290	0%
01-01-07	5,585,902	5,585,902	-	100%	1,726,842	0%

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HANCOCK 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

	Property Reassessment	HAVA Section 102	HAVA Section 101	Surveyor's Coroner Perpetuation	County Sales Disclosure	Auditor's Transfer Fee
Receipts:						
Taxes	\$ 149,700	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	21,332	-	232,704	-	-	-
Charges for services	-	-	-	16,195	8,980	17,305
Fines and forfeits	-	-	-	-	-	-
Other	69,102	-	-	-	-	-
Total receipts	240,134	-	232,704	16,195	8,980	17,305
Disbursements:						
General government	405,078	73,700	221,100	9,515	-	13,664
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	31,010	-	-	10,557	-	-
Public safety	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Total disbursements	436,088	73,700	221,100	20,072	-	13,664
Excess (deficiency) of receipts over (under) disbursements	(195,954)	(73,700)	11,604	(3,877)	8,980	3,641
Other financing sources (uses):						
Interfund loans	-	-	-	-	-	-
Interfund services provided and used	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(7,500)	-	-	-	-	-
Total other financing sources (uses)	(7,500)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(203,454)	(73,700)	11,604	(3,877)	8,980	3,641
Cash and investment fund balance - beginning	1,164,276	121,296	-	19,269	-	150
Cash and investment fund balance - ending	\$ 960,822	\$ 47,596	\$ 11,604	\$ 15,392	\$ 8,980	\$ 3,791
Cash and Investment Assets - December 31						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	960,822	47,596	11,604	15,392	8,980	3,791
Total cash and investment assets - December 31	\$ 960,822	\$ 47,596	\$ 11,604	\$ 15,392	\$ 8,980	\$ 3,791
Cash and Investment Fund Balance - December 31						
Restricted for:						
General government	\$ 960,822	\$ 47,596	\$ 11,604	\$ 15,392	\$ 8,980	\$ 3,791
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 960,822	\$ 47,596	\$ 11,604	\$ 15,392	\$ 8,980	\$ 3,791

HANCOCK 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)

	Recorder's Record Perpetuation	ID Security Protection	Assessment Training	Juvenile Probation Service	Drug Court	Adult Probation Services
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	148,165	-
Charges for services	97,334	28,618	22,923	21,873	2,906	173,890
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	97,334	28,618	22,923	21,873	151,071	173,890
Disbursements:						
General government	157,037	-	1,587	-	190,879	-
Public safety	-	-	-	-	-	146,918
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	4,746	-
Public safety	-	-	-	-	-	5,223
Health and welfare	-	-	-	-	-	-
Total disbursements	157,037	-	1,587	-	195,625	152,141
Excess (deficiency) of receipts over (under) disbursements	(59,703)	28,618	21,336	21,873	(44,554)	21,749
Other financing sources (uses):						
Interfund loans	-	-	-	-	-	-
Interfund services provided and used	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(4,126)	-	-	-	-	-
Total other financing sources (uses)	(4,126)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(63,829)	28,618	21,336	21,873	(44,554)	21,749
Cash and investment fund balance - beginning	440,470	-	464	5,828	66,648	89,845
Cash and investment fund balance - ending	<u>\$ 376,641</u>	<u>\$ 28,618</u>	<u>\$ 21,800</u>	<u>\$ 27,701</u>	<u>\$ 22,094</u>	<u>\$ 111,594</u>
Cash and Investment Assets - December 31						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	376,641	28,618	21,800	27,701	22,094	111,594
Total cash and investment assets - December 31	<u>\$ 376,641</u>	<u>\$ 28,618</u>	<u>\$ 21,800</u>	<u>\$ 27,701</u>	<u>\$ 22,094</u>	<u>\$ 111,594</u>
Cash and Investment Fund Balance - December 31						
Restricted for:						
General government	\$ 376,641	\$ 28,618	\$ 21,800	\$ -	\$ 22,094	\$ -
Public safety	-	-	-	27,701	-	111,594
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 376,641</u>	<u>\$ 28,618</u>	<u>\$ 21,800</u>	<u>\$ 27,701</u>	<u>\$ 22,094</u>	<u>\$ 111,594</u>

HANCOCK 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)

	Clerk's Record Perpetuation	Superior Court I Transcript	Pretrial Diversion	Superior Court II Transcript	Circuit Court Transcript	Probation User Fees
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-
Charges for services	17,904	376	-	726	744	10,373
Fines and forfeits	-	-	2,010	-	-	-
Other	-	-	-	-	-	-
Total receipts	17,904	376	2,010	726	744	10,373
Disbursements:						
General government	18,475	328	-	725	744	-
Public safety	-	-	61,374	-	-	5,267
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	3,673	-	-	-
Health and welfare	-	-	-	-	-	-
Total disbursements	18,475	328	65,047	725	744	5,267
Excess (deficiency) of receipts over (under) disbursements	(571)	48	(63,037)	1	-	5,106
Other financing sources (uses):						
Interfund loans	-	-	-	-	-	-
Interfund services provided and used	-	-	-	-	-	-
Transfers in	-	-	53,580	-	-	-
Transfers out	-	-	(500)	-	-	-
Total other financing sources (uses)	-	-	53,080	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(571)	48	(9,957)	1	-	5,106
Cash and investment fund balance - beginning	900	-	67,616	102	-	8,350
Cash and investment fund balance - ending	<u>329</u>	<u>48</u>	<u>57,659</u>	<u>103</u>	<u>-</u>	<u>13,456</u>
Cash and Investment Assets - December 31						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	329	48	57,659	103	-	13,456
Total cash and investment assets - December 31	\$ 329	\$ 48	\$ 57,659	\$ 103	\$ -	\$ 13,456
Cash and Investment Fund Balance - December 31						
Restricted for:						
General government	\$ 329	\$ 48	\$ -	\$ 103	\$ -	\$ -
Public safety	-	-	57,659	-	-	13,456
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 329	\$ 48	\$ 57,659	\$ 103	\$ -	\$ 13,456

HANCOCK 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)

	Jury Pay	Misdemeanant	Clerk Incentive	Supplemental Public Defender Service	Community Corrections Grant 531	Community Corrections Grant 532	Community Corrections Home Detention
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	33,963	-	-	111,502	70,917	-
Charges for services	-	-	-	55,276	-	-	864,047
Fines and forfeits	11,476	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	11,476	33,963	-	55,276	111,502	70,917	864,047
Disbursements:							
General government	-	-	580	-	-	-	-
Public safety	-	33,326	-	391	112,771	97,208	731,510
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	4,981	57,627
Health and welfare	-	-	-	-	-	-	-
Total disbursements	-	33,326	580	391	112,771	102,189	789,137
Excess (deficiency) of receipts over (under) disbursements	11,476	637	(580)	54,885	(1,269)	(31,272)	74,910
Other financing sources (uses):							
Interfund loans	-	-	-	-	-	-	-
Interfund services provided and used	-	-	-	-	-	-	-
Transfers in	-	-	281	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	281	-	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	11,476	637	(299)	54,885	(1,269)	(31,272)	74,910
Cash and investment fund balance - beginning	(394)	31,332	299	28,929	1,378	31,272	302,223
Cash and investment fund balance - ending	<u>\$ 11,082</u>	<u>\$ 31,969</u>	<u>\$ -</u>	<u>\$ 83,814</u>	<u>\$ 109</u>	<u>\$ -</u>	<u>\$ 377,133</u>
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	11,082	31,969	-	83,814	109	-	377,133
Total cash and investment assets - December 31	<u>\$ 11,082</u>	<u>\$ 31,969</u>	<u>\$ -</u>	<u>\$ 83,814</u>	<u>\$ 109</u>	<u>\$ -</u>	<u>\$ 377,133</u>
Cash and Investment Fund Balance - December 31							
Restricted for:							
General government	\$ 11,082	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	31,969	-	83,814	109	-	377,133
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 11,082</u>	<u>\$ 31,969</u>	<u>\$ -</u>	<u>\$ 83,814</u>	<u>\$ 109</u>	<u>\$ -</u>	<u>\$ 377,133</u>

HANCOCK 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)

	Clerk Incentive (10-1-99)	Prosecutor Incentive	Prosecutor Incentive (10-1-99)	Guardian Ad Litem/Court	Hancock Area Rural Transit	Convention and Tourism	Local Road and Street
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	22,751	4,744	71,952	181,781	741,585
Charges for services	27,511	-	-	-	-	-	3,821
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	41,717
Total receipts	27,511	-	22,751	4,744	71,952	181,781	787,123
Disbursements:							
General government	31,173	10	21,815	9,661	71,952	175,430	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	482,162
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Total disbursements	31,173	10	21,815	9,661	71,952	175,430	482,162
Excess (deficiency) of receipts over (under) disbursements	(3,662)	(10)	936	(4,917)	-	6,351	304,961
Other financing sources (uses):							
Interfund loans	-	-	-	-	-	-	-
Interfund services provided and used	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	(281)	-	-	-	-	-
Total other financing sources (uses)	-	(281)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(3,662)	(291)	936	(4,917)	-	6,351	304,961
Cash and investment fund balance - beginning	26,825	10,431	47,433	8,922	-	13,977	622,300
Cash and investment fund balance - ending	<u>\$ 23,163</u>	<u>\$ 10,140</u>	<u>\$ 48,369</u>	<u>\$ 4,005</u>	<u>\$ -</u>	<u>\$ 20,328</u>	<u>\$ 927,261</u>
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	23,163	10,140	48,369	4,005	-	20,328	927,261
Total cash and investment assets - December 31	<u>\$ 23,163</u>	<u>\$ 10,140</u>	<u>\$ 48,369</u>	<u>\$ 4,005</u>	<u>\$ -</u>	<u>\$ 20,328</u>	<u>\$ 927,261</u>
Cash and Investment Fund Balance - December 31							
Restricted for:							
General government	\$ 23,163	\$ 10,140	\$ 48,369	\$ 4,005	\$ -	\$ 20,328	\$ -
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	927,261
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 23,163</u>	<u>\$ 10,140</u>	<u>\$ 48,369</u>	<u>\$ 4,005</u>	<u>\$ -</u>	<u>\$ 20,328</u>	<u>\$ 927,261</u>

HANCOCK 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)

	Health	New Tobacco Money	Tobacco Settlement	Alcohol and Drug Services	Local Health Maintenance	Health Department Donations	Family and Children
Receipts:							
Taxes	\$ 274,105	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,051,626
Intergovernmental	41,998	26,964	-	-	53,470	-	435,495
Charges for services	78,168	-	-	31,920	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	14,509	-	-	-	-	-	-
Total receipts	408,780	26,964	-	31,920	53,470	-	1,487,121
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	309,945	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	378,990	24,743	481	-	55,470	-	1,762,429
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Health and welfare	2,146	4,445	-	-	-	-	-
Total disbursements	381,136	29,188	481	309,945	55,470	-	1,762,429
Excess (deficiency) of receipts over (under) disbursements	27,644	(2,224)	(481)	(278,025)	(2,000)	-	(275,308)
Other financing sources (uses):							
Interfund loans	-	-	-	-	-	-	-
Interfund services provided and used	-	-	-	-	-	-	-
Transfers in	-	-	481	344,310	14,724	-	37,623
Transfers out	-	-	(14,724)	-	(481)	-	-
Total other financing sources (uses)	-	-	(14,243)	344,310	14,243	-	37,623
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	27,644	(2,224)	(14,724)	66,285	12,243	-	(237,685)
Cash and investment fund balance - beginning	98,807	87,548	14,724	106,068	20,354	764	1,305,819
Cash and investment fund balance - ending	\$ 126,451	\$ 85,324	\$ -	\$ 172,353	\$ 32,597	\$ 764	\$ 1,068,134
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	126,451	85,324	-	172,353	32,597	764	1,068,134
Total cash and investment assets - December 31	\$ 126,451	\$ 85,324	\$ -	\$ 172,353	\$ 32,597	\$ 764	\$ 1,068,134
Cash and Investment Fund Balance - December 31							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	172,353	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	126,451	85,324	-	-	32,597	764	1,068,134
Debt service	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 126,451	\$ 85,324	\$ -	\$ 172,353	\$ 32,597	\$ 764	\$ 1,068,134

HANCOCK 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)

	Children's Residential Psychiatric Treatment	Welfare Administration	Bio-Terrorism Grant	Accident Report	Firearms Training	D.A.R.E.	Conservation Training
Receipts:							
Taxes	\$ 3,656	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	425	30,480	57,288	-	-	-	-
Charges for services	-	-	-	5,173	15,300	11,983	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	4,081	30,480	57,288	5,173	15,300	11,983	-
Disbursements:							
General government	-	-	-	-	-	-	78
Public safety	-	-	56,654	12,105	4,306	8,974	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	749,850	30,480	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Total disbursements	749,850	30,480	56,654	12,105	4,306	8,974	78
Excess (deficiency) of receipts over (under) disbursements	(745,769)	-	634	(6,932)	10,994	3,009	(78)
Other financing sources (uses):							
Interfund loans	-	-	-	-	-	-	-
Interfund services provided and used	-	-	-	-	-	-	-
Transfers in	30,000	-	-	-	-	-	78
Transfers out	(4,018)	-	-	-	-	-	-
Total other financing sources (uses)	25,982	-	-	-	-	-	78
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(719,787)	-	634	(6,932)	10,994	3,009	-
Cash and investment fund balance - beginning	723,351	-	15,908	11,407	6,821	(150)	96
Cash and investment fund balance - ending	\$ 3,564	\$ -	\$ 16,542	\$ 4,475	\$ 17,815	\$ 2,859	\$ 96
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	3,564	-	16,542	4,475	17,815	2,859	96
Total cash and investment assets - December 31	\$ 3,564	\$ -	\$ 16,542	\$ 4,475	\$ 17,815	\$ 2,859	\$ 96
Cash and Investment Fund Balance - December 31							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 96
Public safety	-	-	16,542	4,475	17,815	2,859	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	3,564	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 3,564	\$ -	\$ 16,542	\$ 4,475	\$ 17,815	\$ 2,859	\$ 96

HANCOCK 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)

	User Fee	Sheriff's Continuing Education	E911 General	E911 Revenue	Emergency Planning/Right to Know	JAIBG Jobs Grant	Unsafe Building
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	153,315	5,820	-	-
Charges for services	328,920	-	-	381,850	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	328,920	-	-	535,165	5,820	-	-
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	-	528,424	-	4,930	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Total disbursements	-	-	528,424	-	4,930	-	-
Excess (deficiency) of receipts over (under) disbursements	328,920	-	(528,424)	535,165	890	-	-
Other financing sources (uses):							
Interfund loans	-	-	-	-	-	-	-
Interfund services provided and used	-	-	-	-	-	-	-
Transfers in	-	2,559	283,571	-	-	-	-
Transfers out	(402,486)	-	-	(530,252)	-	-	-
Total other financing sources (uses)	(402,486)	2,559	283,571	(530,252)	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(73,566)	2,559	(244,853)	4,913	890	-	-
Cash and investment fund balance - beginning	244,083	9,026	309,523	131,599	29,804	395	2,185
Cash and investment fund balance - ending	\$ 170,517	\$ 11,585	\$ 64,670	\$ 136,512	\$ 30,694	\$ 395	\$ 2,185
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	170,517	11,585	64,670	136,512	30,694	395	2,185
Total cash and investment assets - December 31	\$ 170,517	\$ 11,585	\$ 64,670	\$ 136,512	\$ 30,694	\$ 395	\$ 2,185
Cash and Investment Fund Balance - December 31							
Restricted for:							
General government	\$ 170,517	\$ -	\$ -	\$ -	\$ -	\$ 395	\$ 2,185
Public safety	-	11,585	64,670	136,512	30,694	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 170,517	\$ 11,585	\$ 64,670	\$ 136,512	\$ 30,694	\$ 395	\$ 2,185

HANCOCK 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)

	Highway Traffic Safety	Alcohol Traffic Safety	2005 SHSP	2005 LETPP	State Homeland Security	IDEM Grant	Operation Pullover
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	12,500	7,942	86,041	50,529	-	3,889	10,281
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	12,500	7,942	86,041	50,529	-	3,889	10,281
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	12,289	-	-	-	-	-	6,800
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	5,614	-
Health and welfare	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	7,942	86,041	50,529	-	-	-
Health and welfare	-	-	-	-	-	-	-
Total disbursements	12,289	7,942	86,041	50,529	-	5,614	6,800
Excess (deficiency) of receipts over (under) disbursements	211	-	-	-	-	(1,725)	3,481
Other financing sources (uses):							
Interfund loans	-	-	-	-	-	-	-
Interfund services provided and used	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	211	-	-	-	-	(1,725)	3,481
Cash and investment fund balance - beginning	-	-	-	-	2,302	5,344	1,000
Cash and investment fund balance - ending	\$ 211	\$ -	\$ -	\$ -	\$ 2,302	\$ 3,619	\$ 4,481
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	211	-	-	-	2,302	3,619	4,481
Total cash and investment assets - December 31	\$ 211	\$ -	\$ -	\$ -	\$ 2,302	\$ 3,619	\$ 4,481
Cash and Investment Fund Balance - December 31							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	211	-	-	-	2,302	-	4,481
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	3,619	-
Health and welfare	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital projects	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 211	\$ -	\$ -	\$ -	\$ 2,302	\$ 3,619	\$ 4,481

HANCOCK 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)

	Drug Free Community	Safe-T Grant	Law Enforcement Continuing Education	Rainy Day	Excess Levy	Sheriff's Commissary	Community Corrections Construction Bonds
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 87,945	\$ -	\$ 158,878
Intergovernmental	2,000	-	-	-	-	-	22,664
Charges for services	76,141	400	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	-	-	118,759	-
Total receipts	78,141	400	-	-	87,945	118,759	181,542
Disbursements:							
General government	-	-	-	-	-	223,512	-
Public safety	76,964	-	1,959	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	145,000
Interest	-	-	-	-	-	-	45,540
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Total disbursements	76,964	-	1,959	-	-	223,512	190,540
Excess (deficiency) of receipts over (under) disbursements	<u>1,177</u>	<u>400</u>	<u>(1,959)</u>	<u>-</u>	<u>87,945</u>	<u>(104,753)</u>	<u>(8,998)</u>
Other financing sources (uses):							
Interfund loans	-	-	-	860,989	-	-	3,692
Interfund services provided and used	-	-	-	(860,989)	-	-	(3,692)
Transfers in	500	-	1,959	-	17,290	-	-
Transfers out	-	-	-	-	(169,094)	-	(2,117)
Total other financing sources (uses)	500	-	1,959	-	(151,804)	-	(2,117)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	<u>1,677</u>	<u>400</u>	<u>-</u>	<u>-</u>	<u>(63,859)</u>	<u>(104,753)</u>	<u>(11,115)</u>
Cash and investment fund balance - beginning	<u>100,724</u>	<u>(3,041)</u>	<u>663</u>	<u>866,349</u>	<u>205,913</u>	<u>160,058</u>	<u>103,024</u>
Cash and investment fund balance - ending	<u>\$ 102,401</u>	<u>\$ (2,641)</u>	<u>\$ 663</u>	<u>\$ 866,349</u>	<u>\$ 142,054</u>	<u>\$ 55,305</u>	<u>\$ 91,909</u>
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ 866,349	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	<u>102,401</u>	<u>(2,641)</u>	<u>663</u>	<u>-</u>	<u>142,054</u>	<u>55,305</u>	<u>91,909</u>
Total cash and investment assets - December 31	<u>\$ 102,401</u>	<u>\$ (2,641)</u>	<u>\$ 663</u>	<u>\$ 866,349</u>	<u>\$ 142,054</u>	<u>\$ 55,305</u>	<u>\$ 91,909</u>
Cash and Investment Fund Balance - December 31							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,305	\$ -
Public safety	102,401	(2,641)	663	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	91,909
Capital projects	-	-	-	-	-	-	-
Other purposes	-	-	-	-	142,054	-	-
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>866,349</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and investment fund balance - December 31	<u>\$ 102,401</u>	<u>\$ (2,641)</u>	<u>\$ 663</u>	<u>\$ 866,349</u>	<u>\$ 142,054</u>	<u>\$ 55,305</u>	<u>\$ 91,909</u>

HANCOCK 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)

	Courthouse Annex Construction Bonds	Courthouse Renovation Bonds	E911 Bond and Interest	General Drain Improvement	Courthouse Annex Construction	Development/ Improvement	Totals
Receipts:							
Taxes	\$ 990,458	\$ 709,376	\$ -	\$ 12,769	\$ -	\$ -	\$ 3,438,513
Intergovernmental	141,316	101,322	-	-	-	-	2,885,135
Charges for services	-	-	-	-	-	-	2,300,657
Fines and forfeits	-	-	-	416	-	-	13,902
Other	-	-	-	149,429	-	400,000	793,516
Total receipts	1,131,774	810,698	-	162,614	-	400,000	9,431,723
Disbursements:							
General government	-	-	-	-	-	-	1,627,043
Public safety	-	-	-	-	-	-	2,212,115
Highways and streets	-	-	-	-	-	-	482,162
Sanitation	-	-	-	-	-	-	5,614
Health and welfare	-	-	-	-	-	-	3,002,443
Debt service:							
Principal	900,000	280,000	188,000	-	-	-	1,513,000
Interest	254,962	85,061	58,680	-	-	-	444,243
Capital outlay:							
General government	-	-	-	131,474	77,233	-	255,020
Public safety	-	-	-	-	-	-	216,016
Health and welfare	-	-	-	-	-	-	6,591
Total disbursements	1,154,962	365,061	246,680	131,474	77,233	-	9,764,247
Excess (deficiency) of receipts over (under) disbursements	(23,188)	445,637	(246,680)	31,140	(77,233)	400,000	(332,524)
Other financing sources (uses):							
Interfund loans	7,297	-	-	-	-	-	871,978
Interfund services provided and used	(7,297)	-	-	-	-	-	(871,978)
Transfers in	-	-	246,680	35,566	-	-	1,069,202
Transfers out	(11,155)	-	-	-	-	-	(1,146,734)
Total other financing sources (uses)	(11,155)	-	246,680	35,566	-	-	(77,532)
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(34,343)	445,637	-	66,706	(77,233)	400,000	(410,056)
Cash and investment fund balance - beginning	622,946	-	-	652,641	264,294	-	9,210,490
Cash and investment fund balance - ending	\$ 588,603	\$ 445,637	\$ -	\$ 719,347	\$ 187,061	\$ 400,000	\$ 8,800,434
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 866,349
Restricted assets:							
Cash and investments	588,603	445,637	-	719,347	187,061	400,000	7,934,085
Total cash and investment assets - December 31	\$ 588,603	\$ 445,637	\$ -	\$ 719,347	\$ 187,061	\$ 400,000	\$ 8,800,434
Cash and Investment Fund Balance - December 31							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,843,403
Public safety	-	-	-	-	-	-	1,268,357
Highways and streets	-	-	-	-	-	-	927,261
Sanitation	-	-	-	-	-	-	3,619
Health and welfare	-	-	-	-	-	-	1,316,834
Debt service	588,603	445,637	-	-	-	-	1,126,149
Capital projects	-	-	-	719,347	187,061	400,000	1,306,408
Other purposes	-	-	-	-	-	-	142,054
Unrestricted	-	-	-	-	-	-	866,349
Total cash and investment fund balance - December 31	\$ 588,603	\$ 445,637	\$ -	\$ 719,347	\$ 187,061	\$ 400,000	\$ 8,800,434

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

	<u>Bids, Bonds, and Deposits</u>	<u>Surplus Tax</u>	<u>Surplus Dog Tax</u>	<u>Tax Sale Redemption</u>	<u>Surplus Tax Sale</u>	<u>Pension Trust Clearing</u>	<u>Payroll</u>
Additions:							
Agency fund additions	\$ 105,937	\$ 60,307	\$ 4,548	\$ 17,595	\$ 824,649	\$ 10,526	\$ 6,011,661
Deductions:							
Agency fund deductions	112,965	43,350	4,548	17,595	197,122	10,526	5,835,772
Excess (deficiency) of total additions over (under) total deductions	(7,028)	16,957	-	-	627,527	-	175,889
Cash and investment fund balance - beginning	120,200	43,694	-	574	230,715	-	457,282
Cash and investment fund balance - ending	<u>\$ 113,172</u>	<u>\$ 60,651</u>	<u>\$ -</u>	<u>\$ 574</u>	<u>\$ 858,242</u>	<u>\$ -</u>	<u>\$ 633,171</u>

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

	State Sales Disclosure Fee	Coroner Education	Welfare Trust	Hopsital Care for the Indigent	Welfare Administration	Medical Assistance to Wards	Children with Special Needs
Additions:							
Agency fund additions	\$ 11,110	\$ 3,201	\$ 1,900	\$ 158,326	\$ 30,480	\$ 3,518	\$ 31,665
Deductions:							
Agency fund deductions	33,177	3,210	83	158,326	30,480	3,518	31,665
Excess (deficiency) of total additions over (under) total deductions	(22,067)	(9)	1,817	-	-	-	-
Cash and investment fund balance - beginning	24,842	279	10,610	-	-	-	-
Cash and investment fund balance - ending	<u>\$ 2,775</u>	<u>\$ 270</u>	<u>\$ 12,427</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	<u>City and Town Court Costs</u>	<u>Infraction Judgments</u>	<u>Special Death Benefits</u>	<u>Overweight Vehicle Fines</u>	<u>Education Plate Fee</u>	<u>Congressional School Interest</u>
Additions:						
Agency fund additions	\$ 22,602	\$ 129,657	\$ 7,965	\$ 8,951	\$ 4,294	\$ 1,617
Deductions:						
Agency fund deductions	20,851	120,188	7,280	8,951	4,632	430
Excess (deficiency) of total additions over (under) total deductions	1,751	9,469	685	-	(338)	1,187
Cash and investment fund balance - beginning	-	-	-	-	338	20,814
Cash and investment fund balance - ending	<u>\$ 1,751</u>	<u>\$ 9,469</u>	<u>\$ 685</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 22,001</u>

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

	Inheritance Tax	State Fair Board	State Forestry Tax	Interstate Transfer Fee	State Fines and Forfeitures	Mortgage Fees State Share
Additions:						
Agency fund additions	\$ 1,534,775	\$ 28,147	\$ 56,294	\$ 637	\$ 39,961	\$ 13,495
Deductions:						
Agency fund deductions	895,773	28,147	56,294	862	42,176	12,345
Excess (deficiency) of total additions over (under) total deductions	639,002	-	-	(225)	(2,215)	1,150
Cash and investment fund balance - beginning	283,632	-	-	225	3,952	-
Cash and investment fund balance - ending	<u>\$ 922,634</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,737</u>	<u>\$ 1,150</u>

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

	Board of Health	Sheriff	Sheriff's Inmate Trust	Community Corrections	Clerk of the Circuit Court	Recorder
Additions:						
Agency fund additions	\$ 88,882	\$ 2,542,355	\$ 208,375	\$ 883,191	\$ 4,731,137	\$ 354,719
Deductions:						
Agency fund deductions	90,701	2,477,433	211,084	888,806	4,274,972	356,207
Excess (deficiency) of total additions over (under) total deductions	(1,819)	64,922	(2,709)	(5,615)	456,165	(1,488)
Cash and investment fund balance - beginning	2,046	101,961	6,680	74,874	1,647,631	34,207
Cash and investment fund balance - ending	<u>\$ 227</u>	<u>\$ 166,883</u>	<u>\$ 3,971</u>	<u>\$ 69,259</u>	<u>\$ 2,103,796</u>	<u>\$ 32,719</u>

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

	Treasurer	Area Planning Commission	Probation	Substance Abuse	Tax Distribution	Total
Additions:						
Agency fund additions	\$ 82,017,203	\$ 254,969	\$ 211,680	\$ 31,680	\$ 86,853,200	\$ 187,301,209
Deductions:						
Agency fund deductions	82,080,389	276,074	206,383	31,920	86,327,564	184,901,799
Excess (deficiency) of total additions over (under) total deductions	(63,186)	(21,105)	5,297	(240)	525,636	2,399,410
Cash and investment fund balance - beginning	942,401	21,225	12,540	420	2,699,381	6,740,523
Cash and investment fund balance - ending	<u>\$ 879,215</u>	<u>\$ 120</u>	<u>\$ 17,837</u>	<u>\$ 180</u>	<u>\$ 3,225,017</u>	<u>\$ 9,139,933</u>

HANCOCK COUNTY
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

As of December 31, 2006

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 completed in prior years have been reported and only include parking lots.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 1,430,192
Infrastructure	222,289
Buildings	18,577,622
Machinery and equipment	8,219,799
Computers	<u>1,145,723</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 29,595,625</u>

HANCOCK COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT

As of December 31, 2006

The County has entered into the following long-term debt:

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
Truck - county surveyor	\$ 9,211	\$ 4,479
Notes and loans payable	125,369	41,790
Bonds payable:		
General obligation bonds:		
2001 Community corrections center	925,000	150,000
2002 Courthouse annex	7,155,000	950,000
2005 Courthouse renovation	5,090,000	585,000
Revenue bonds		
2001 E911 emergency telephone system	<u>1,105,000</u>	<u>200,000</u>
Total governmental activities long-term debt	<u>\$ 14,409,580</u>	<u>\$ 1,931,269</u>

HANCOCK COUNTY
OTHER REPORTS

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

Clerk of the Circuit Court
County Community Corrections Department
County Prosecuting Attorney
County Sheriff

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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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 HANCOCK COUNTY, INDIANA

Compliance

We have audited the compliance of the Hancock 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.

In our opinion, the County complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2006-3 and 2006-4.

Internal Control Over Compliance

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

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

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 items 2006-3 and 2006-4.

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

July 2, 2007

HANCOCK 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 JUSTICE</u>			
Pass-Through Indiana Criminal Justice Institute Edward Byrne Memorial Formula Grant Program 2004-DB-BX-0018	16.579	04-DB-013	\$ 103,714
Pass-Through Indiana Criminal Justice Institute Edward Byrne Justice Assistance Grant Program 2005-DJ-BX-0759	16.738	05-DJ-028	62,014
Total for federal grantor agency			<u>165,728</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Criminal Justice Institute Highway Safety Cluster State and Community Highway Safety Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.600 20.601	OP -2006-02-03-52 J8-2006-04-04-01	6,801 <u>7,942</u>
Total for cluster			<u>14,743</u>
Pass-Through Indiana Department of Transportation Formula Grants for Other Than Urbanized Areas Senior Citizen's Transportation Grant	20.509	6021703002	<u>71,952</u>
Pass-Through Indiana Criminal Justice Institute Section 157 Incentive Traffic Safety Grant	None	157 PT-2006-04-06-08	<u>12,289</u>
Total for federal grantor agency			<u>98,984</u>
<u>GENERAL SERVICES ADMINISTRATION</u>			
Pass-Through Indiana Secretary of State Election Reform Payments	39.011	HAVA Section 101 HAVA Section 102	221,000 <u>73,700</u>
Total for program			<u>294,700</u>
Total for federal grantor agency			<u>294,700</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through Indiana Department of Health Centers for Disease Control and Prevention - Investigations and Technical Assistance West Nile Virus Bio-Terrorism Grant FY 2005/06 Bio-Terrorism Grant FY 2006/07	93.283	Phase 2 BPRS 129-2 BPRS 129-2	1,420 36,922 <u>18,137</u>
Total for program			<u>56,479</u>
Pass-Through Indiana Department of Child Services Child Support Enforcement Child Support-Earned Indirect Costs County Prosecutor Expenditures Clerk of the Circuit Court Expenditures Incentive Payments Family and Children	93.563	2006 2006 2006 2006 2006	36,707 210,011 58,812 65,385 <u>14</u>
Total for program			<u>370,929</u>
Child Welfare Services - State Grants Child Welfare	93.645	2006	<u>65,915</u>
Medicare - Supplementary Medical Insurance Medicare	93.774	2006	<u>5,155</u>
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations, and Evaluations Local Health Maintenance Fund	93.779	2006	<u>4,612</u>
Total for federal grantor agency			<u>503,090</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct Grant Cooperating Technical Partners	97.045	EMC-2004-GR-0201	<u>3,750</u>
Pass-Through Indiana Department of Homeland Security Homeland Security Grant Program	97.067	ODP 2005 SHSP	<u>86,041</u>
Law Enforcement Terrorism Prevention Program (LETPP)	97.074	ODP 2005 LETPP	<u>50,422</u>
Total for federal grantor agency			<u>140,213</u>
Total federal awards expended			<u>\$ 1,202,715</u>

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

HANCOCK 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 Hancock 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.

HANCOCK COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Qualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
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? yes

Section II – Financial Statement Findings

FINDING 2006-1, REPORTABLE CONDITION - CHILD SUPPORT ENFORCEMENT CASE BALANCES

Hancock County, in conjunction with the Indiana Department of Child Services, accounted for child support collections and payments through the Indiana Support Enforcement Tracking System (ISETS) during 2006. The following deficiency was identified:

Balances of child support cases include errors resulting from data conversion, information not recorded during the time period from data conversion to system implementation, computer application processing errors and user errors. Subaccount balances of support cases in the files of the County did not always agree with the ISETS balance as a result of these errors. The errors are currently being corrected on a case-by-case basis as they are identified.

HANCOCK COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

As a result, incorrect or missing subaccount balances could cause money to be held in the system, cause checks to be printed to an incorrect payee (the state vs. the custodial parent), cause absent parents' tax refunds to be erroneously intercepted, or result in failure to enforce collection of child support funds.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapter 13)

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

FINDING 2006-2, REPORTABLE CONDITON - LACK OF INTERNAL CONTROLS

The internal controls over the reconciling of the Indiana Support Enforcement Tracking System (ISETS) bank account to the Clerk of the Circuit Courts' ledger amount were insufficient. The Clerk did not reconcile the ISETS bank account balance to the ledger balance during the audit period. Prior to this audit period, an error in reconciling occurred and County Officials contacted the ISETS help desk at the Indiana Family and Social Services Administration (FSSA) for assistance. Reconciliation information was turned over to FSSA, who reconciled ISETS transactions to bank activity through December 2005.

Failure to properly perform timely reconciliations of the bank account balance to the ledger balance could result in errors not being timely corrected and inaccurate information being presented on the financial records.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts of Indiana, Chapter 13)

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

We recommended that internal controls are established and followed to ensure the ISETS bank account is reconciled monthly to the ledger balance.

HANCOCK COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2006-3, SPECIAL TESTS AND PROVISIONS/REPORTABLE CONDITION

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

Hancock County, in conjunction with the Indiana Department of Child Services, accounted for child support collections and payments through the Indiana Support Enforcement Tracking System (ISETS) during 2006. The following deficiency was identified:

Balances of child support cases include errors resulting from data conversion, information not recorded during the time period from data conversion to system implementation, computer application processing errors and user errors. Subaccount balances of support cases in the files of the County did not always agree with the ISETS balance as a result of these errors. The errors are currently being corrected on a case-by-case basis as they are identified.

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

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

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

FINDING 2006-4, INTERNAL CONTROL REPORTABLE CONDITION –
ALLOWABLE COSTS/COST PRINCIPALS

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

Unallowable costs were charged to the Child Support Enforcement program by the Clerk of the Circuit Court and the County Prosecutor. The Clerk of the Circuit Court contracted with a private company to perform the compilation and filing of the monthly reimbursement claims; however, these claims were not reviewed by the Clerk of the Circuit Court prior to filing. When the private company compiled the monthly reimbursement claims, totals for supplies and capital outlays were taken from the County Auditor's ledgers. However, not all of these totals were directly related to the Title IV-D program. This resulted in \$2,758.79 in unallowable expenditures to be claimed for supplies and capital outlay. Additionally, the December 2006 reimbursement claim used incorrect hourly rates when computing personal service expenditures. This resulted in an \$436.88 overage of personal services expenses to be claimed.

HANCOCK COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Supplies and personal services expenditures were overstated for the December 2006 reimbursement claim for the County Prosecutor's office. The method used when compiling the personal expenditures was not an incorrect method, but varied from the method used during the previous eleven months. By not continuing with the same method, personal services expenditures were over reimbursed for the year in the amount of \$7,587.68. Additionally, supplies claimed on the December 2006 claim included encumbered amounts. This resulted in \$387.23 in supply expenditures to be over claimed.

Accordingly, we have total questioned costs of \$3,195.67 for the Clerk of the Circuit Court and \$7,974.91 for the County Prosecutor's office. These questioned costs are computed by taking the actual cost of operating the supporting collections departments times the ratio of Title IV-D transactions to total transactions.

Failure to adequately review expenditure reports resulted in documented unallowable costs charges of \$11,170.58 to the Child Support Enforcement Program.

OMB Circular A-87, Cost Principal for State, Local, and Indian Tribal Governments, Attachment A, Subpart (C) states in part:

- "1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:
 - e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit . . .
 - j. Be adequately documented."

We recommended the Clerk of the Circuit Court and County Prosecutor design, follow, and monitor control procedures to provide reasonable assurance that only costs that are related to the Child Support Enforcement Program are included in the monthly reimbursement requests and that those costs are supported by the underlying accounting records. Monthly reimbursement requests should be compared to the appropriations ledger maintained by the County Auditor to ensure all costs included in the reimbursement request are reasonable.



Office of
SHARI BURRIS



Clerk of Hancock Circuit and Superior Courts

Court House
9 East Main Street
Greenfield, IN 46140
(317) 477-1109
Fax (317) 477-1163

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding 2005-3 reportable Condition – Child Support Enforcement Case Balances

Original State Board of Accounts Audit Report Number B27569

Audit Period: January 1, 2005 to December 31, 2005

Auditee Contact Person: Sharon Burris

Title of Contact Person: Clerk of the Circuit Court

Phone Number: 317-477-1109

Status of Finding:

We requested in a letter to the Director of the Division of Family and Children, Indiana Family and Social Services Administration, additional training and assistance in the correction of errors in case subaccount balances.

Sharon Burris
Sharon Burris, Clerk of the Circuit Court,
Hancock County, Indiana

5-31-07
Date



**HANCOCK COUNTY
CHILD SUPPORT DIVISION
PROSECUTING ATTORNEY
18TH JUDICIAL CIRCUIT**



Dean Dobbins

27 American Legion Place, Greenfield, Indiana 46140 – (317) 477-1139 – Fax (317) 477-1180

March 5, 2007

Finding Number: 2005-3

Original SBA Audit Report Number: B27569

Fiscal Year: 2005

Auditee Contact Person: Susan Shambaugh

Title of Contact Person: Child Support Administrator

Phone Number: (317) 477-1713

Status of Finding: The current administration began on January 1, 2007. This administration is unaware of exact activity that the prior administration took to correct Finding Number 2005-3. However, the current administration is aware that there are discrepancies between ISETS balances and the paper case file balances. The current administration is working to correct this problem by reconciling the discrepancies each time the case file is worked.

Dean Dobbins, Prosecuting Attorney

Date

VICKI L. SAUNDERS
Hancock County Auditor

Hancock County Courthouse Annex
111 American Legion Place, Suite 217
Greenfield, IN 46140-2386

Phone: (317) 477-1149
Fax: (317) 477-1712

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding 2005-3 Reportable Condition – Child Support Enforcement Case Balances
Original State Board of Accounts Audit Report Number B27569
Audit Period: January 1, 2005 to December 31, 2005
Auditee Contact Person: Vicki Saunders
Title of Contact Person: County Auditor
Phone Number: 317-477-1149

Status of Finding:

We requested in a letter to the Director of the Division of Family and Children, Indiana Family and Social Services Administration, additional training and assistance in the correction of errors in case subaccount balances.

Vicki L. Saunders

Vicki Saunders, Hancock County Auditor

5-15-07

Date



Office of
SHARI BURRIS



Clerk of Hancock Circuit and Superior Courts

Court House
9 East Main Street
Greenfield, IN 46140
(317) 477-1109
Fax (317) 477-1163

Corrective Action Plan

Findings 2006-1 and 2006-3 Reportable Condition-Child Support Enforcement Case Balances

{Federal Agency:	U.S. Department of Health and Human Services
{Federal Program	Child Support Enforcement
{CFDA Number:	93-563
{Auditee Contact Person:	Sharon Burris
{Title of Contact Person:	Clerk of the Circuit Court
{Phone Number:	(317) 477-1109
{Expected Completion Date:	November 30, 2007

We have spoken with a representative from the Division of Family and Children to request assistance with the balancing of the Isets account and further training for correcting of errors. They will make arrangements to be in our county in the near future to provide this assistance. We will continue our own endeavors while awaiting their aid.

Findings 2006-2 and 2006-4 Reportable Condition – Lack of Internal Controls and Allowable Cost/Cost Principals

With further training, we will reconcile on a more timely basis, avoiding inaccurate information. Procedures will be implemented and followed to ensure proper costs in relation to the Child Support Enforcement Program, with supporting documentation and records. All resulting in a stronger internal control.

Sharon Burris
Sharon Burris, Hancock Co. Clerk

6-28-07
Date



**HANCOCK COUNTY
CHILD SUPPORT DIVISION
PROSECUTING ATTORNEY
18TH JUDICIAL CIRCUIT**



Dean Dobbins

27 American Legion Place, Greenfield, Indiana 46140 – (317) 477-1713 – Fax (317) 477-1180

CORRECTIVE ACTION PLAN

FINDINGS 2006-1 and 2006-3 Reportable Condition – Child Support Enforcement Case Balances

Federal Agency: U.S. Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 93.563
Auditee Contact Person: Susan Shambaugh
Title of Contact Person: Child Support Administrator
Phone Number: (317) 477-1713
Expected Completion Date: June 18, 2007

We have requested in a letter to the Deputy Director of Child Support, Indiana Department of Child Services, additional training and assistance in the correction of errors in case subaccount balances.

FINDINGS 2006-4 Internal Control Reportable Condition – Allowable Cost/Cost Principals

Federal Agency: U.S. Department of Health and Human Services
Federal Program: Child Support Enforcement
CFDA Number: 93.563
Auditee Contact Person: Susan Shambaugh
Title of Contact Person: Child Support Administrator
Phone Number: (317) 477-1713
Expected Completion Date: June 18, 2007

We are creating an instructional manual on policies and procedures. Included in this manual will be instructions on calculating personal services expenditures, what expenses may be reimbursed, and proper accounting of expenses.



Dean Dobbins, Prosecuting Attorney Date 6/11/07

VICKI L. SAUNDERS
Hancock County Auditor

Hancock County Courthouse Annex
111 American Legion Place, Suite 217
Greenfield, IN 46140-2386

Phone: (317) 477-1149
Fax: (317) 477-1712

CORRECTIVE ACTION PLAN

FINDINGS 2006-1 and 2006-3 Reportable Condition – Child Support Enforcement Case Balances

Federal Agency:	U.S. Department of Health and Human Services
Federal Program:	Child Support Enforcement
CFDA Number:	93.563
Auditee Contact Person:	Vicki Saunders
Title of Contact Person:	Hancock County Auditor
Phone Number:	317-477-1179
Expected Completion Date:	<u>Oct 1, 2007</u>

We have requested in a letter to the Director of the Division of Family and Children, Indiana Family and Social Services Administration, additional training and assistance in the correction of errors in case subaccount balances.

Vicki L Saunders
Vicki Saunders, Hancock County Auditor

5-22-07
Date

HANCOCK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 2, 2007, with Jack Heiden, President of the Board of County Commissioners; and Vicki L. Saunders, Auditor. The officials concurred with our audit findings.