

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

ANNUAL FINANCIAL REPORT

2006

LAWRENCE COUNTY, INDIANA



FILED

09/06/2007

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Billie J. Tumey	01-01-05 to 12-31-08
Treasurer	Debbie Thompson	01-01-05 to 12-31-08
Clerk	Julie Chase Brinegar	01-01-05 to 12-31-08
Sheriff	Kent Hawkins Samuel J. Craig	01-01-03 to 12-31-06 01-01-07 to 12-31-10
Recorder	Myron Rainey	01-01-05 to 12-31-08
President of the Board of County Commissioners	Janie Craig Chenault William Spreen	01-01-06 to 12-31-06 01-01-07 to 12-31-07
President of the County Council	Joseph Ross Ross Jean	01-01-06 to 12-31-06 01-01-07 to 12-31-07



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

TO: THE OFFICIALS OF LAWRENCE COUNTY, INDIANA

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

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

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

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

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

In accordance with Government Auditing Standards, we have also issued a report dated August 1, 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

August 1, 2007



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

TO: THE OFFICIALS OF LAWRENCE COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lawrence County (County), as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 1, 2007. The opinion to the financial statements was qualified due to omission of the component units of Lawrence County which results 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in items 2006-1 and 2006-2 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

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 grant agreements, 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.

We noted certain matters that we reported to management in a separate letter dated July 9, 2007.

The County's response to the findings identified in our audit are described in the accompanying section of the report entitled Official Response. We did not audit the County's response and accordingly, we express no opinion on it.

This report is intended solely for the information and use of the County's management, the county commissioners, county council, 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

August 1, 2007

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

<u>Functions/Programs</u>	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
General government	\$ 9,843,747	\$ 903,250	\$ 270,694	\$ -	\$ (8,669,803)
Public safety	6,099,587	1,786,892	756,978	14,770	(3,540,947)
Highways and streets	3,965,530	127,024	3,900,576	139,991	202,061
Sanitation	482,839	-	-	-	(482,839)
Health and welfare	3,453,209	71,236	1,097,824	5,547	(2,278,602)
Economic development	33,269	23,269	-	-	(10,000)
Aviation	481,583	-	67,083	-	(414,500)
Interest on long-term debt	416,470	-	213,357	-	(203,113)
Total governmental activities	\$ 24,776,234	\$ 2,911,671	\$ 6,306,512	\$ 160,308	(15,397,743)
General receipts:					
Property taxes					8,212,402
Other local sources					2,704,490
Bonds and loans					2,800,514
Proceeds from sale of assets					3,109
Insurance proceeds					148,328
Unrestricted intergovernmental receipts					1,747,324
Riverboat revenue sharing					166,350
Unrestricted investment earnings					535,585
Refunds and reimbursements					74,866
Total general receipts					16,392,968
Change in net assets					995,225
Net assets - beginning					6,386,664
Net assets - ending					\$ 7,381,889
<u>Assets</u>					
Cash and investments					\$ 596,230
Restricted assets:					
Cash and investments					6,785,659
Total assets					\$ 7,381,889
<u>Net Assets</u>					
Restricted for:					
General government					\$ 641,798
Public safety					1,043,639
Highways and street					1,462,332
Health and welfare					780,930
Aviation					42,525
Debt service					479,406
Capital outlay					2,335,029
Unrestricted					596,230
Total net assets					\$ 7,381,889

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

LAWRENCE 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	Family and Children	Cumulative Bridge	Cumulative Capital Development	Other Governmental Funds	Totals
Receipts:							
Taxes	\$ 6,946,620	\$ -	\$ 1,428,883	\$ 726,686	\$ 242,229	\$ 1,572,474	\$ 10,916,892
Intergovernmental	2,308,680	3,486,190	941,853	161,724	34,997	1,447,050	8,380,494
Charges for services	969,966	-	-	-	-	1,941,705	2,911,671
Other	687,022	-	-	-	-	218	687,240
Total receipts	10,912,288	3,486,190	2,370,736	888,410	277,226	4,961,447	22,896,297
Disbursements:							
General government	5,634,593	-	-	-	-	626,942	6,261,535
Public safety	3,594,305	-	-	-	-	1,943,918	5,538,223
Highways and streets	-	2,486,377	-	-	-	424,336	2,910,713
Sanitation	482,839	-	-	-	-	-	482,839
Health and welfare	553,938	-	2,395,255	-	-	512,951	3,462,144
Economic development	10,000	-	-	-	-	23,269	33,269
Aviation	-	-	-	-	-	464,458	464,458
Debt service:							
Principal	2,979,431	118,812	-	-	-	755,012	3,853,255
Interest	5,365	8,438	-	-	-	402,667	416,470
Capital outlay:							
Highways and streets	-	-	-	639,889	232,036	-	871,925
Total disbursements	13,260,471	2,613,627	2,395,255	639,889	232,036	5,153,553	24,294,831
Excess (deficiency) of receipts over disbursements	(2,348,183)	872,563	(24,519)	248,521	45,190	(192,106)	(1,398,534)
Other financing sources (uses):							
Loan proceeds	2,800,514	-	-	-	-	-	2,800,514
Other disbursements	(244,823)	-	(67,478)	(42,386)	(14,128)	(112,588)	(481,403)
Transfers in	39,972	-	70,000	-	-	-	109,972
Transfers out	-	-	-	-	-	(109,972)	(109,972)
Other receipts	-	14,969	-	-	-	59,679	74,648
Total other financing sources (uses)	2,595,663	14,969	2,522	(42,386)	(14,128)	(162,881)	2,393,759
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	247,480	887,532	(21,997)	206,135	31,062	(354,987)	995,225
Cash and investment fund balance - beginning	409,849	539,403	582,772	1,187,933	909,899	2,756,808	6,386,664
Cash and investment fund balance - ending	\$ 657,329	\$ 1,426,935	\$ 560,775	\$ 1,394,068	\$ 940,961	\$ 2,401,821	\$ 7,381,889
Cash and Investment Assets - December 31							
Cash and investments	\$ 657,329	\$ -	\$ -	\$ -	\$ -	\$ (61,099)	\$ 596,230
Restricted assets:							
Cash and investments	-	1,426,935	560,775	1,394,068	940,961	2,462,920	6,785,659
Total cash and investment assets - December 31	\$ 657,329	\$ 1,426,935	\$ 560,775	\$ 1,394,068	\$ 940,961	\$ 2,401,821	\$ 7,381,889
Cash and Investment Fund Balance - December 31							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 641,798	\$ 641,798
Public safety	-	-	-	-	-	1,043,639	1,043,639
Highways and street	-	1,426,935	-	-	-	35,397	1,462,332
Health and welfare	-	-	560,775	-	-	220,155	780,930
Aviation	-	-	-	-	-	42,525	42,525
Debt service	-	-	-	-	-	479,406	479,406
Capital outlay	-	-	-	1,394,068	940,961	-	2,335,029
Unrestricted	657,329	-	-	-	-	(61,099)	596,230
Total cash and investment fund balance - December 31	\$ 657,329	\$ 1,426,935	\$ 560,775	\$ 1,394,068	\$ 940,961	\$ 2,401,821	\$ 7,381,889

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

LAWRENCE 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	\$ 405,116	\$ -	\$ -
Investment earnings:			
Net increase in fair value of investments	103,882	-	-
Interest	<u>59,874</u>	<u>-</u>	<u>-</u>
Total investment earnings	<u>163,756</u>	<u>-</u>	<u>-</u>
Agency fund additions	<u>-</u>	<u>-</u>	<u>100,355,495</u>
Total additions	<u>568,872</u>	<u>-</u>	<u>100,355,495</u>
Deductions:			
Benefits	292,927	-	-
Administrative and general	37,318	-	-
Agency fund deductions	<u>-</u>	<u>-</u>	<u>101,234,418</u>
Total deductions	<u>330,245</u>	<u>-</u>	<u>101,234,418</u>
Excess (deficiency) of total additions over total deductions	238,627	-	(878,923)
Cash and investment fund balance - beginning	<u>1,856,661</u>	<u>15,582</u>	<u>3,761,736</u>
Cash and investment fund balance - ending	<u>\$ 2,095,288</u>	<u>\$ 15,582</u>	<u>\$ 2,882,813</u>

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

LAWRENCE COUNTY
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The County was established under the laws of the State of Indiana. The County operates under a Council-Commissioner form of government and provides the following services: public safety (police), highways and streets, health welfare and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

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

Primary Government:	Lawrence County
Blended Component Unit:	Lawrence County Detention Center Holding Corporation
Blended Component Unit:	Lawrence County Indiana Courthouse Annex Building Corporation
Discretely Presented Component Unit:	Dunn Memorial Hospital
Discretely Presented Component Unit:	Lawrence County Solid Waste Management District

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

Dunn Memorial Hospital and Lawrence County Solid Waste Management District, discretely presented component units, and Lawrence County Detention Center Holding Corporation and the Lawrence County Indiana Courthouse Annex Building Corporation, blended component units, have been omitted from these financial statements. Accordingly, the financial statements do not include the data of all of the County's component units necessary to fairly present the financial position of the County.

Related Organizations

The County's officials are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary

LAWRENCE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 is used for construction, reconstruction and maintenance of the highways of the County.

The county family and children fund provides services to children who are adjudicated CHINS or delinquents; families for which there is an informal adjustment; service referral agreement; or for individuals receiving assistance for adoption. Expenses for child welfare services, care of wards in foster homes, and care of wards in therapeutic homes are also made from this fund.

The cumulative bridge fund is used for the cost of construction, maintenance, and repair of bridges, approaches, and grade separations as authorized by Indiana Code 8-16-3-1.

The cumulative capital development fund is used to account for receipts and disbursements authorized by Indiana Code 36-9-14.5-2 and Indiana Code 36-9-14.5-8.

Additionally, the County reports the following fund types:

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

LAWRENCE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Capital Assets

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

3. Long-Term Debt

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

4. Equity Classification

Government-Wide Statements

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

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

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

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Program Receipts

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

F. Internal and Interfund Balances and Activities

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

LAWRENCE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

1. 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.
2. 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

A. Budgetary Information

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

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

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

B. Disbursements in Excess of Appropriations

For the year ended December 31, 2006, disbursements exceeded budgeted appropriations in the following funds by the amounts below:

LAWRENCE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund	2006
County Highway	\$ 446,913
Cumulative Capital Development	243,164
Jail Lease Rental	1,050
Courthouse Plaza Lease Rental	<u>2,985</u>
 Total	 <u>\$ 694,112</u>

These disbursements were funded by available fund balances.

C. Cash and Investment Balance Deficits

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

Fund	2006
Supplemental Adult Probation Services	\$ 6,346
Pretrial Diversion	586
Victim Assistance Grant	15,567
Adapt User Fee	18,506
Health Immunization Grant	5,655
Criminal Justice	5,247
Probation Administration Fee	336
Juvenile Alcohol and Drug Intervention and Prevention	5
Juvenile Detention Alternative	8,652
State Homeland Security 2004	199
Surplus Dog	157
Medical Assistance to Wards	539
Children With Special Health Care Needs	2,624
Hospital Care For the Indigent	<u>24,165</u>
 Total	 <u>\$ 88,584</u>

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

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository

LAWRENCE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. 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	\$ 237,470
U.S. agencies	165,637
Mutual funds	212,079
Corporate bonds	211,075
Corporate stock	1,376,786
Total	\$ 2,203,047

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 County 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.

LAWRENCE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Additionally, the County may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the County'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 Sheriff's Merit Board has not adopted an investment policy for custodial credit risk for investments. At December 31, 2006, the Sheriff's Retirement and Benefit Pension Plans held investments in U. S. Treasury Securities, U. S. Agencies, mutual equity funds, mutual bond funds, corporate bonds, and corporate stocks in the amount of \$2,203,047. Of these investments \$2,203,047 are held by the investment's counterparty, not in the name of the Sheriff's Pension Plan.

Interest Rate Risk

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

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

Sheriff's Retirement and Benefit Pension Plans:

Investment Type	Investment Maturities (in Years)		
	Less Than 1	1-2	More Than 2
U.S. treasuries and securities	\$ -	\$ 51,319	\$ 186,151
U.S. agencies	19,089	15,004	131,544
Mutual funds	212,079	-	-
Corporate bonds	16,010	40,014	155,051
Corporate stock	1,376,786	-	-
Totals	<u>\$ 1,623,964</u>	<u>\$ 106,337</u>	<u>\$ 472,746</u>

LAWRENCE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Credit Risk

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

Sheriff's Retirement and Benefit Pension Plans:

Standard and Poor's Rating	Moody's Rating	County's Investments		
		Mutual Funds	Corporate Bonds	Government Sponsored Enterprise
AAA	Aaa	\$ -	\$ 26,144	\$ -
AA	Aa	-	63,946	-
A	A	-	110,943	-
BBB	Baa	-	10,042	-
Unrated	Unrated	212,079	-	165,637
Totals		<u>\$ 212,079</u>	<u>\$ 211,075</u>	<u>\$ 165,637</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.

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. Treasury Securities, U.S. Agencies, corporate bonds, corporate stock, and mutual fund stock. These investments represent 11%, 8%, 10%, 63%, and 9%, respectively, of the total investments.

Foreign Currency Risk

The Sheriff's Merit Board has not adopted a formal policy in regards to foreign currency risk. There is no foreign currency related to this investment.

B. Interfund Transfers

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

Transfer From	Transfer To	2006
Other governmental	Family and Children	\$ 70,000
Other governmental	General Fund	<u>39,972</u>
Total		<u>\$ 109,972</u>

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

LAWRENCE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

IV. Other Information

A. Risk Management

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

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

Job Related Illnesses or Injuries to Employees

During 2003, the County joined a public entity risk pool, the Indiana Public Employer's Plan, Inc., currently operating as a common risk management and insurance program for member governmental entities. This risk pool was formed in 1989 for the purpose of providing a medium for the funding and administration of workers' compensation claims. 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. Holding Corporations

The County has entered into a capital lease with the Lawrence County Detention Center Holding Corporation. The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the County. The lessor has been determined to be a related party of the County. Lease payments during the year totaled \$680,000.

The County has entered into a capital lease with Lawrence County Indiana Courthouse Annex Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the County. The lessor has been determined to be a related party of the County. Lease payments during the year totaled \$264,247.

C. Conduit Debt Obligation

The County has authorized the issue of Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2006, there was one series of Economic Development Revenue Bonds outstanding with an aggregate principal amount payable of \$727,500.

The County has authorized the issue of Tax Increment Revenue Bonds for the purpose of raising money for property acquisition, economic development and redevelopment in Lawrence County Economic Development Area, Allocation Area No. 1. The bonds were subsequently sold by private negotiated sale at a price of 100%. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds.

LAWRENCE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

As of December 31, 2006, there was one series of Tax Increment Revenue Bonds outstanding with an aggregate principal amount payable of \$157,005.

D. Subsequent Event

Lawrence County Family and Children Fund borrowed \$538,150 from the Stone City Bank. The loan was dated June 5, 2007, and was due on December 31, 2007. The interest rate was 4.5%.

E. 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.

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.

LAWRENCE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. County Police Retirement Plan

Plan Description

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

Funding Policy and Annual Pension Cost

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

3. County Police Benefit Plan

Plan Description

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

Funding Policy and Annual Pension Cost

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

Actuarial Information for the Above Plans

	<u>PERF</u>	<u>County Police Retirement Plan</u>	<u>County Police Benefit Plan</u>
Annual required contribution	\$ 330,109	\$ 183,656	\$ 69,749
Interest on net pension obligation	(4,942)	4,001	-
Adjustment to annual required contribution	<u>5,632</u>	<u>(6,179)</u>	<u>-</u>
Annual pension cost	330,799	181,478	69,749
Contributions made	<u>276,860</u>	<u>155,369</u>	<u>69,749</u>
Increase in net pension obligation	53,939	26,109	-
Net pension obligation, beginning of year	<u>(68,163)</u>	<u>57,155</u>	<u>-</u>
Net pension obligation, end of year	<u>\$ (14,224)</u>	<u>\$ 83,264</u>	<u>\$ -</u>

LAWRENCE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

	PERF	County Police Retirement Plan	County Police Benefit Plan
Contribution rates:			
County	5.25%	21%	6.5%
Plan members	3%	6%	6%
Actuarial valuation date	07-01-06	01-01-06	01-01-06
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	40 years	40 years	40 years
Amortization period (from date)	07-01-97	12-31-97	12-31-97
Asset valuation method	4 year smoothed market	4 year smoothed market	4 year smoothed market

Actuarial Assumptions

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

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-04	\$ 209,569	120%	\$ (90,203)
	06-30-05	286,015	92%	(68,163)
	06-30-06	330,799	97%	(14,224)
County Police Retirement Plan	12-31-04	152,364	86.5%	32,370
	12-31-05	178,629	85.4%	57,155
	12-31-06	181,478	85.6%	83,264
County Police Benefit Plan	12-31-04	70,589	100%	-
	12-31-05	72,507	100%	-
	12-31-06	69,749	100%	-

LAWRENCE COUNTY
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 4,352,076	\$ 4,812,839	\$ (460,763)	90%	\$ 5,446,192	(8%)
07-01-05	4,562,226	5,431,213	(868,987)	84%	5,325,712	(16%)
07-01-06	5,105,098	5,484,610	(379,512)	93%	5,642,594	(7%)

County Police Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
10-01-01	\$ 1,659,285	\$ 1,659,285	\$ -	100%	\$ 821,103	0%
10-01-02	1,657,949	1,657,949	-	100%	882,345	0%
10-01-03	1,641,095	1,641,095	-	100%	881,157	0%
10-01-04	1,690,515	1,690,515	-	100%	949,796	0%
10-01-05	1,925,196	1,925,196	-	100%	965,015	0%
10-01-06	2,174,864	2,919,918	(745,054)	74%	1,000,987	(74%)

LAWRENCE COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006

	County Health	Local Road and Street	Property Reassessment Number 2	Accident Report	Firearms Training	Surveyor's Corner Perpetuation	Supplemental Adult Probation Services
Receipts:							
Taxes	\$ 218,202	\$ -	\$ 149,446	\$ -	\$ -	\$ -	\$ -
Intergovernmental	31,556	414,383	21,611	-	-	-	-
Charges for services	52,065	-	10,500	3,360	14,590	11,673	108,653
Other	-	-	-	-	-	-	-
Total receipts	301,823	414,383	181,557	3,360	14,590	11,673	108,653
Disbursements:							
General government	-	-	166,239	-	-	1,832	-
Public safety	-	-	-	19,062	27,707	-	127,962
Highways and streets	-	424,336	-	-	-	-	-
Health and welfare	303,371	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Aviation	-	-	-	-	-	-	-
Debt service:							
Principal	-	7,566	-	-	-	-	-
Interest	-	279	-	-	-	-	-
Total disbursements	303,371	432,181	166,239	19,062	27,707	1,832	127,962
Excess (deficiency) of receipts over disbursements	(1,548)	(17,798)	15,318	(15,702)	(13,117)	9,841	(19,309)
Other financing sources (uses):							
Other disbursements	(10,423)	-	(7,257)	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	5,635	-	-	-	-	-	-
Total other financing sources (uses)	(4,788)	-	(7,257)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,336)	(17,798)	8,061	(15,702)	(13,117)	9,841	(19,309)
Cash and investment fund balance - beginning	54,332	53,195	337,385	23,771	17,711	20,285	12,963
Cash and investment fund balance - ending	\$ 47,996	\$ 35,397	\$ 345,446	\$ 8,069	\$ 4,594	\$ 30,126	\$ (6,346)
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (6,346)
Restricted assets:							
Cash and investments	47,996	35,397	345,446	8,069	4,594	30,126	-
Total cash and investment assets - December 31	\$ 47,996	\$ 35,397	\$ 345,446	\$ 8,069	\$ 4,594	\$ 30,126	\$ (6,346)
Cash and Investment Fund Balance - December 31							
Restricted for:							
General government	\$ -	\$ -	\$ 345,446	\$ -	\$ -	\$ 30,126	\$ -
Public safety	-	-	-	8,069	4,594	-	-
Highways and streets	-	35,397	-	-	-	-	-
Health and welfare	47,996	-	-	-	-	-	-
Aviation	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	(6,346)
Total cash and investment fund balance - December 31	\$ 47,996	\$ 35,397	\$ 345,446	\$ 8,069	\$ 4,594	\$ 30,126	\$ (6,346)

LAWRENCE COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	Supplemental Juvenile Probation Services	Recorder's Records Perpetuation	Emergency Response Services	County Law Enforcement Continuing Education	County User Fee	Local Health Maintenance	Sheriff's Commissary
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	33,139	-
Charges for services	32,442	59,652	346,231	-	10,948	-	181,604
Other	-	-	-	-	-	-	-
Total receipts	32,442	59,652	346,231	-	10,948	33,139	181,604
Disbursements:							
General government	-	42,249	-	-	3,976	-	-
Public safety	23,835	-	296,907	-	-	-	164,791
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	24,959	-
Economic development	-	-	-	-	-	-	-
Aviation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total disbursements	23,835	42,249	296,907	-	3,976	24,959	164,791
Excess (deficiency) of receipts over disbursements	8,607	17,403	49,324	-	6,972	8,180	16,813
Other financing sources (uses):							
Other disbursements	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	20	-
Total other financing sources (uses)	-	-	-	-	-	20	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	8,607	17,403	49,324	-	6,972	8,200	16,813
Cash and investment fund balance - beginning	(6,311)	34,603	78,692	6,823	80,361	17,744	8,277
Cash and investment fund balance - ending	\$ 2,296	\$ 52,006	\$ 128,016	\$ 6,823	\$ 87,333	\$ 25,944	\$ 25,090
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	2,296	52,006	128,016	6,823	87,333	25,944	25,090
Total cash and investment assets - December 31	\$ 2,296	\$ 52,006	\$ 128,016	\$ 6,823	\$ 87,333	\$ 25,944	\$ 25,090
Cash and Investment Fund Balance - December 31							
Restricted for:							
General government	\$ -	\$ 52,006	\$ -	\$ -	\$ 87,333	\$ -	\$ -
Public safety	2,296	-	128,016	6,823	-	-	25,090
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	25,944	-
Aviation	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 2,296	\$ 52,006	\$ 128,016	\$ 6,823	\$ 87,333	\$ 25,944	\$ 25,090

LAWRENCE 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)

	Aviation	Guardian Ad Litem	Criminal Justice	Covered Bridge	Emergency Planning and Right to Know	Community Corrections	Emergency Management
Receipts:							
Taxes	\$ 41,074	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 39,609
Intergovernmental	6,629	-	-	1,250	5,141	219,487	20,508
Charges for services	-	-	27,729	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	47,703	-	27,729	1,250	5,141	219,487	60,117
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	2,888	32,291	-	314	215,388	42,591
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Aviation	156,066	-	-	-	-	-	-
Debt service:							
Principal	17,125	-	-	-	-	-	-
Interest	401	-	-	-	-	-	-
Total disbursements	173,592	2,888	32,291	-	314	215,388	42,591
Excess (deficiency) of receipts over disbursements	(125,889)	(2,888)	(4,562)	1,250	4,827	4,099	17,526
Other financing sources (uses):							
Other disbursements	(2,855)	-	-	-	-	-	(1,157)
Transfers out	-	-	-	-	-	-	-
Other receipts	47,974	-	-	-	-	-	-
Total other financing sources (uses)	45,119	-	-	-	-	-	(1,157)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(80,770)	(2,888)	(4,562)	1,250	4,827	4,099	16,369
Cash and investment fund balance - beginning	92,119	7,539	(685)	17,371	7,794	31,410	22,025
Cash and investment fund balance - ending	\$ 11,349	\$ 4,651	\$ (5,247)	\$ 18,621	\$ 12,621	\$ 35,509	\$ 38,394
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ (5,247)	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	11,349	4,651	-	18,621	12,621	35,509	38,394
Total cash and investment assets - December 31	\$ 11,349	\$ 4,651	\$ (5,247)	\$ 18,621	\$ 12,621	\$ 35,509	\$ 38,394
Cash and Investment Fund Balance - December 31							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ 18,621	\$ -	\$ -	\$ -
Public safety	-	4,651	-	-	12,621	35,509	38,394
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Aviation	11,349	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unrestricted	-	-	(5,247)	-	-	-	-
Total cash and investment fund balance - December 31	\$ 11,349	\$ 4,651	\$ (5,247)	\$ 18,621	\$ 12,621	\$ 35,509	\$ 38,394

LAWRENCE COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2006
 (Continued)

	County Drug Free Community	County Corrections	Pretrial Diversion	Investigation Cash	Victim Assistance Grant	Public Defender	Community Corrections Project Income
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	52,500	-	-	24,538	-	-
Charges for services	44,205	280	22,270	-	-	-	224,800
Other	-	-	-	-	-	-	-
Total receipts	44,205	52,780	22,270	-	24,538	-	224,800
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	40,244	68,188	18,277	-	31,412	-	256,606
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Aviation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	5,667	-	-	-	-
Interest	-	-	217	-	-	-	-
Total disbursements	40,244	68,188	24,161	-	31,412	-	256,606
Excess (deficiency) of receipts over disbursements	3,961	(15,408)	(1,891)	-	(6,874)	-	(31,806)
Other financing sources (uses):							
Other disbursements	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,961	(15,408)	(1,891)	-	(6,874)	-	(31,806)
Cash and investment fund balance - beginning	77,614	72,516	1,305	572	(8,693)	21,144	222,410
Cash and investment fund balance - ending	<u>\$ 81,575</u>	<u>\$ 57,108</u>	<u>\$ (586)</u>	<u>\$ 572</u>	<u>\$ (15,567)</u>	<u>\$ 21,144</u>	<u>\$ 190,604</u>
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ (586)	\$ -	\$ (15,567)	\$ -	\$ -
Restricted assets:							
Cash and investments	81,575	57,108	-	572	-	21,144	190,604
Total cash and investment assets - December 31	\$ 81,575	\$ 57,108	\$ (586)	\$ 572	\$ (15,567)	\$ 21,144	\$ 190,604
Cash and Investment Fund Balance - December 31							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	81,575	57,108	-	572	-	21,144	190,604
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Aviation	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unrestricted	-	-	(586)	-	(15,567)	-	-
Total cash and investment fund balance - December 31	\$ 81,575	\$ 57,108	\$ (586)	\$ 572	\$ (15,567)	\$ 21,144	\$ 190,604

LAWRENCE 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)

	Jail Counselor Grant	Clerk's Records Perpetuation	Marijuana Grant	Drug Seizure	Operation Pullover	Sheriff Equipment Donation	Family Relations
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	8,300	-	-
Charges for services	28,823	20,551	-	-	-	-	13,010
Other	-	-	-	-	-	-	-
Total receipts	28,823	20,551	-	-	8,300	-	13,010
Disbursements:							
General government	-	20,416	-	-	-	-	-
Public safety	27,949	-	-	-	6,617	5,061	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	13,090
Economic development	-	-	-	-	-	-	-
Aviation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total disbursements	27,949	20,416	-	-	6,617	5,061	13,090
Excess (deficiency) of receipts over disbursements	874	135	-	-	1,683	(5,061)	(80)
Other financing sources (uses):							
Other disbursements	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	2,855	-
Total other financing sources (uses)	-	-	-	-	-	2,855	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	874	135	-	-	1,683	(2,206)	(80)
Cash and investment fund balance - beginning	474	4,370	77	1,116	4,725	2,230	4,273
Cash and investment fund balance - ending	<u>\$ 1,348</u>	<u>\$ 4,505</u>	<u>\$ 77</u>	<u>\$ 1,116</u>	<u>\$ 6,408</u>	<u>\$ 24</u>	<u>\$ 4,193</u>
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	1,348	4,505	77	1,116	6,408	24	4,193
Total cash and investment assets - December 31	\$ 1,348	\$ 4,505	\$ 77	\$ 1,116	\$ 6,408	\$ 24	\$ 4,193
Cash and Investment Fund Balance - December 31							
Restricted for:							
General government	\$ -	\$ 4,505	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	1,348	-	77	1,116	6,408	24	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	4,193
Aviation	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 1,348	\$ 4,505	\$ 77	\$ 1,116	\$ 6,408	\$ 24	\$ 4,193

LAWRENCE 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)

	Lawrence County Police Training	Health Immunization Grant	Astronaut Sign Donations	Accident Investigation	Circuit Court Bail and Pretrial Services Agency	Lawrence Superior I Bail and Pretrial Services Agency	Lawrence Superior II Bail and Pretrial Services Agency
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	1,925	2,490	9,260	20,122
Other	-	-	-	-	-	-	-
Total receipts	-	-	-	1,925	2,490	9,260	20,122
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	5,680	-	5,527	22,566
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	12,185	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Aviation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total disbursements	-	12,185	-	5,680	-	5,527	22,566
Excess (deficiency) of receipts over disbursements	-	(12,185)	-	(3,755)	2,490	3,733	(2,444)
Other financing sources (uses):							
Other disbursements	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(1,796)
Other receipts	-	20	-	-	-	37	-
Total other financing sources (uses)	-	20	-	-	-	37	(1,796)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(12,165)	-	(3,755)	2,490	3,770	(4,240)
Cash and investment fund balance - beginning	4,104	6,510	3,630	6,035	4,150	8,619	9,974
Cash and investment fund balance - ending	<u>\$ 4,104</u>	<u>\$ (5,655)</u>	<u>\$ 3,630</u>	<u>\$ 2,280</u>	<u>\$ 6,640</u>	<u>\$ 12,389</u>	<u>\$ 5,734</u>
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ (5,655)	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	4,104	-	3,630	2,280	6,640	12,389	5,734
Total cash and investment assets - December 31	\$ 4,104	\$ (5,655)	\$ 3,630	\$ 2,280	\$ 6,640	\$ 12,389	\$ 5,734
Cash and Investment Fund Balance - December 31							
Restricted for:							
General government	\$ -	\$ -	\$ 3,630	\$ -	\$ -	\$ -	\$ -
Public safety	4,104	-	-	2,280	6,640	12,389	5,734
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Aviation	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unrestricted	-	(5,655)	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 4,104	\$ (5,655)	\$ 3,630	\$ 2,280	\$ 6,640	\$ 12,389	\$ 5,734

LAWRENCE 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)

	Stop Violence Grant	Pocket of Need Immunization	Jury Fee	Energy Savings Project	Sheriff's Wireless 911	Sheriff's Drug Fund	Lawrence County Tourism Commission
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	31,667	-	-	-	146,077	-	-
Charges for services	-	-	8,011	-	-	-	227,830
Other	-	-	-	-	-	214	-
Total receipts	31,667	-	8,011	-	146,077	214	227,830
Disbursements:							
General government	-	-	-	-	-	-	232,216
Public safety	31,664	-	7,610	-	94,648	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Aviation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total disbursements	31,664	-	7,610	-	94,648	-	232,216
Excess (deficiency) of receipts over disbursements	3	-	401	-	51,429	214	(4,386)
Other financing sources (uses):							
Other disbursements	-	-	-	-	-	-	-
Transfers out	-	-	(311)	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	(311)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3	-	90	-	51,429	214	(4,386)
Cash and investment fund balance - beginning	-	4,977	-	2,645	65,333	(214)	75,125
Cash and investment fund balance - ending	<u>\$ 3</u>	<u>\$ 4,977</u>	<u>\$ 90</u>	<u>\$ 2,645</u>	<u>\$ 116,762</u>	<u>\$ -</u>	<u>\$ 70,739</u>
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	3	4,977	90	2,645	116,762	-	70,739
Total cash and investment assets - December 31	\$ 3	\$ 4,977	\$ 90	\$ 2,645	\$ 116,762	\$ -	\$ 70,739
Cash and Investment Fund Balance - December 31							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ 2,645	\$ -	\$ -	\$ 70,739
Public safety	3	-	90	-	116,762	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	4,977	-	-	-	-	-
Aviation	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 3	\$ 4,977	\$ 90	\$ 2,645	\$ 116,762	\$ -	\$ 70,739

LAWRENCE 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)

	Juvenile Drug Court	Tobacco Settlement	Work Release	National Forest	Adapt User Fee	Coroner's Education Fund	Immunization
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	15,000	31,454	-	4,000	-	-	-
Charges for services	-	-	11,871	-	107,461	3,044	19,171
Other	4	-	-	-	-	-	-
Total receipts	15,004	31,454	11,871	4,000	107,461	3,044	19,171
Disbursements:							
General government	-	-	-	-	145,679	-	-
Public safety	22,888	-	-	14,380	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	12,146	-	-	-	3,044	12,046
Economic development	-	-	-	-	-	-	-
Aviation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total disbursements	22,888	12,146	-	14,380	145,679	3,044	12,046
Excess (deficiency) of receipts over disbursements	(7,884)	19,308	11,871	(10,380)	(38,218)	-	7,125
Other financing sources (uses):							
Other disbursements	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	108
Total other financing sources (uses)	-	-	-	-	-	-	108
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(7,884)	19,308	11,871	(10,380)	(38,218)	-	7,233
Cash and investment fund balance - beginning	33,817	33,537	49,969	10,397	19,712	-	30,688
Cash and investment fund balance - ending	<u>\$ 25,933</u>	<u>\$ 52,845</u>	<u>\$ 61,840</u>	<u>\$ 17</u>	<u>\$ (18,506)</u>	<u>\$ -</u>	<u>\$ 37,921</u>
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ (18,506)	\$ -	\$ -
Restricted assets:							
Cash and investments	25,933	52,845	61,840	17	-	-	37,921
Total cash and investment assets - December 31	\$ 25,933	\$ 52,845	\$ 61,840	\$ 17	\$ (18,506)	\$ -	\$ 37,921
Cash and Investment Fund Balance - December 31							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	25,933	-	61,840	17	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	52,845	-	-	-	-	37,921
Aviation	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	(18,506)	-	-
Total cash and investment fund balance - December 31	\$ 25,933	\$ 52,845	\$ 61,840	\$ 17	\$ (18,506)	\$ -	\$ 37,921

LAWRENCE 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)

	LEP Subgrant FEMA	Bioterrorism Preparedness	Community Emergency Response Team	Probation Administrative Fee	County Adult Offender Interstate	Lawrence County Prosecutor's Impact Fund	Alternative Dispute Resolution
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	42,541	-	-	6,910
Other	-	-	-	-	-	-	-
Total receipts	-	-	-	42,541	-	-	6,910
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	1,406	2,218	4,985	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Aviation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total disbursements	-	1,406	2,218	4,985	-	-	-
Excess (deficiency) of receipts over disbursements	-	(1,406)	(2,218)	37,556	-	-	6,910
Other financing sources (uses):							
Other disbursements	-	-	-	-	-	-	-
Transfers out	-	-	-	(37,865)	-	-	-
Other receipts	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(37,865)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,406)	(2,218)	(309)	-	-	6,910
Cash and investment fund balance - beginning	16	2,646	2,218	(27)	450	31,950	6,440
Cash and investment fund balance - ending	<u>\$ 16</u>	<u>\$ 1,240</u>	<u>\$ -</u>	<u>\$ (336)</u>	<u>\$ 450</u>	<u>\$ 31,950</u>	<u>\$ 13,350</u>
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ (336)	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	16	1,240	-	-	450	31,950	13,350
Total cash and investment assets - December 31	\$ 16	\$ 1,240	\$ -	\$ (336)	\$ 450	\$ 31,950	\$ 13,350
Cash and Investment Fund Balance - December 31							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	16	1,240	-	-	450	31,950	13,350
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Aviation	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unrestricted	-	-	-	(336)	-	-	-
Total cash and investment fund balance - December 31	\$ 16	\$ 1,240	\$ -	\$ (336)	\$ 450	\$ 31,950	\$ 13,350

LAWRENCE 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)

	Bioterrorism District Grant #1	Bioterrorism District Grant #2	Children Psychiatric Residential Treatment	Family Court	Juvenile Alcohol and Drug Intervention and Prevention	Law Enforcement Terrorism 2004	OVWI Drug Court
Receipts:							
Taxes	\$ -	\$ -	\$ 38,527	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	5,547	18,500	-	-	-
Charges for services	-	-	-	-	1,873	-	127,024
Other	-	-	-	-	-	-	-
Total receipts	-	-	44,074	18,500	1,873	-	127,024
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	632	-	31,225	1,873	3	130,004
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	77,045	-	-	-	-
Economic development	-	-	-	-	-	-	-
Aviation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total disbursements	-	632	77,045	31,225	1,873	3	130,004
Excess (deficiency) of receipts over disbursements	-	(632)	(32,971)	(12,725)	-	(3)	(2,980)
Other financing sources (uses):							
Other disbursements	-	-	(3,860)	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	(3,860)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(632)	(36,831)	(12,725)	-	(3)	(2,980)
Cash and investment fund balance - beginning	66	3,180	76,709	79,600	(5)	3	8,905
Cash and investment fund balance - ending	<u>\$ 66</u>	<u>\$ 2,548</u>	<u>\$ 39,878</u>	<u>\$ 66,875</u>	<u>\$ (5)</u>	<u>\$ -</u>	<u>\$ 5,925</u>
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ (5)	\$ -	\$ -
Restricted assets:							
Cash and investments	66	2,548	39,878	66,875	-	-	5,925
Total cash and investment assets - December 31	\$ 66	\$ 2,548	\$ 39,878	\$ 66,875	\$ (5)	\$ -	\$ 5,925
Cash and Investment Fund Balance - December 31							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	66	2,548	-	66,875	-	-	5,925
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	39,878	-	-	-	-
Aviation	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	(5)	-	-
Total cash and investment fund balance - December 31	\$ 66	\$ 2,548	\$ 39,878	\$ 66,875	\$ (5)	\$ -	\$ 5,925

LAWRENCE 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)

	Public Health Coordinator	State Homeland Security 2004	CWS Special Grant	County Bonds	Jail Lease Rental	Courthouse Plaza Lease Rental	Welfare Loan
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 599,756	\$ 242,383	\$ 1,805
Intergovernmental	57,292	3	-	-	86,633	34,997	-
Charges for services	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>57,292</u>	<u>3</u>	<u>-</u>	<u>-</u>	<u>686,389</u>	<u>277,380</u>	<u>1,805</u>
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	54,922	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Aviation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	370	479,284	120,000	-
Interest	-	-	-	-	195,716	144,248	-
Total disbursements	<u>54,922</u>	<u>-</u>	<u>-</u>	<u>370</u>	<u>675,000</u>	<u>264,248</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>2,370</u>	<u>3</u>	<u>-</u>	<u>(370)</u>	<u>11,389</u>	<u>13,132</u>	<u>1,805</u>
Other financing sources (uses):							
Other disbursements	-	-	-	-	(42,645)	(15,903)	(20,768)
Transfers out	-	-	(70,000)	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(70,000)</u>	<u>-</u>	<u>(42,645)</u>	<u>(15,903)</u>	<u>(20,768)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>2,370</u>	<u>3</u>	<u>(70,000)</u>	<u>(370)</u>	<u>(31,256)</u>	<u>(2,771)</u>	<u>(18,963)</u>
Cash and investment fund balance - beginning	<u>1,644</u>	<u>(202)</u>	<u>70,000</u>	<u>511</u>	<u>175,616</u>	<u>138,041</u>	<u>72,016</u>
Cash and investment fund balance - ending	<u>\$ 4,014</u>	<u>\$ (199)</u>	<u>\$ -</u>	<u>\$ 141</u>	<u>\$ 144,360</u>	<u>\$ 135,270</u>	<u>\$ 53,053</u>
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	\$ -	\$ (199)	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	<u>4,014</u>	<u>-</u>	<u>-</u>	<u>141</u>	<u>144,360</u>	<u>135,270</u>	<u>53,053</u>
Total cash and investment assets - December 31	<u>\$ 4,014</u>	<u>\$ (199)</u>	<u>\$ -</u>	<u>\$ 141</u>	<u>\$ 144,360</u>	<u>\$ 135,270</u>	<u>\$ 53,053</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	4,014	-	-	-	-	-	-
Aviation	-	-	-	-	-	-	-
Debt service	-	-	-	141	144,360	135,270	53,053
Unrestricted	<u>-</u>	<u>(199)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and investment fund balance - December 31	<u>\$ 4,014</u>	<u>\$ (199)</u>	<u>\$ -</u>	<u>\$ 141</u>	<u>\$ 144,360</u>	<u>\$ 135,270</u>	<u>\$ 53,053</u>

LAWRENCE 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)

	Juvenile Detention Alternative	Auditor Transfer Fund	Nonviolence Program Probation	Runway Paving Grant	Sofaland Lease Rent	Infraction Deferral	OVWI Trust Fee
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 241,672	\$ -	\$ -
Intergovernmental	23,068	-	-	60,454	34,997	-	-
Charges for services	-	12,480	12,172	-	-	57,011	4,452
Other	-	-	-	-	-	-	-
Total receipts	23,068	12,480	12,172	60,454	276,669	57,011	4,452
Disbursements:							
General government	-	10,470	-	-	-	-	-
Public safety	35,909	-	9,854	-	-	74,577	5,601
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Aviation	-	-	-	308,392	-	-	-
Debt service:							
Principal	-	-	-	-	125,000	-	-
Interest	-	-	-	-	61,806	-	-
Total disbursements	35,909	10,470	9,854	308,392	186,806	74,577	5,601
Excess (deficiency) of receipts over disbursements	(12,841)	2,010	2,318	(247,938)	89,863	(17,566)	(1,149)
Other financing sources (uses):							
Other disbursements	-	-	-	-	(7,720)	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(7,720)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(12,841)	2,010	2,318	(247,938)	82,143	(17,566)	(1,149)
Cash and investment fund balance - beginning	4,189	4,899	(276)	279,114	64,439	40,764	1,267
Cash and investment fund balance - ending	<u>\$ (8,652)</u>	<u>\$ 6,909</u>	<u>\$ 2,042</u>	<u>\$ 31,176</u>	<u>\$ 146,582</u>	<u>\$ 23,198</u>	<u>\$ 118</u>
Cash and Investment Assets - December 31							
Cash and investments	\$ (8,652)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	-	6,909	2,042	31,176	146,582	23,198	118
Total cash and investment assets - December 31	\$ (8,652)	\$ 6,909	\$ 2,042	\$ 31,176	\$ 146,582	\$ 23,198	\$ 118
Cash and Investment Fund Balance - December 31							
Restricted for:							
General government	\$ -	\$ 6,909	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	2,042	-	-	23,198	118
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Aviation	-	-	-	31,176	-	-	-
Debt service	-	-	-	-	146,582	-	-
Unrestricted	(8,652)	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ (8,652)	\$ 6,909	\$ 2,042	\$ 31,176	\$ 146,582	\$ 23,198	\$ 118

LAWRENCE 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)

	Police Office Equipment	Juvenile Community Services	Emergency Gas Award	Compass	Boot Camp	Community Transitional Program	Extension Donation
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	3,820	-
Charges for services	1,370	3,740	-	830	5,286	-	-
Other	-	-	-	-	-	-	-
Total receipts	1,370	3,740	-	830	5,286	3,820	-
Disbursements:							
General government	-	-	-	1,040	-	657	2,168
Public safety	-	-	-	-	4,059	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Aviation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total disbursements	-	-	-	1,040	4,059	657	2,168
Excess (deficiency) of receipts over disbursements	1,370	3,740	-	(210)	1,227	3,163	(2,168)
Other financing sources (uses):							
Other disbursements	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	3,030
Total other financing sources (uses)	-	-	-	-	-	-	3,030
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,370	3,740	-	(210)	1,227	3,163	862
Cash and investment fund balance - beginning	630	450	800	210	-	-	-
Cash and investment fund balance - ending	<u>\$ 2,000</u>	<u>\$ 4,190</u>	<u>\$ 800</u>	<u>\$ -</u>	<u>\$ 1,227</u>	<u>\$ 3,163</u>	<u>\$ 862</u>
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	2,000	4,190	800	-	1,227	3,163	862
Total cash and investment assets - December 31	\$ 2,000	\$ 4,190	\$ 800	\$ -	\$ 1,227	\$ 3,163	\$ 862
Cash and Investment Fund Balance - December 31							
Restricted for:							
General government	\$ -	\$ -	\$ 800	\$ -	\$ -	\$ -	\$ 862
Public safety	2,000	4,190	-	-	1,227	3,163	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Aviation	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 2,000	\$ 4,190	\$ 800	\$ -	\$ 1,227	\$ 3,163	\$ 862

LAWRENCE 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)

	Homeland Security 2006	Law Enforcement 2006	Pandemic Flu	Economic Growth Council	Redacting Fee	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,572,474
Intergovernmental	24,290	27,679	2,530	-	-	1,447,050
Charges for services	-	-	-	23,269	18,176	1,941,705
Other	-	-	-	-	-	218
Total receipts	24,290	27,679	2,530	23,269	18,176	4,961,447
Disbursements:						
General government	-	-	-	-	-	626,942
Public safety	18,919	9,600	-	-	-	1,943,918
Highways and streets	-	-	-	-	-	424,336
Health and welfare	-	-	143	-	-	512,951
Economic development	-	-	-	23,269	-	23,269
Aviation	-	-	-	-	-	464,458
Debt service:						
Principal	-	-	-	-	-	755,012
Interest	-	-	-	-	-	402,667
Total disbursements	18,919	9,600	143	23,269	-	5,153,553
Excess (deficiency) of receipts over disbursements	5,371	18,079	2,387	-	18,176	(192,106)
Other financing sources (uses):						
Other disbursements	-	-	-	-	-	(112,588)
Transfers out	-	-	-	-	-	(109,972)
Other receipts	-	-	-	-	-	59,679
Total other financing sources (uses)	-	-	-	-	-	(162,881)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,371	18,079	2,387	-	18,176	(354,987)
Cash and investment fund balance - beginning	-	-	-	-	-	2,756,808
Cash and investment fund balance - ending	\$ 5,371	\$ 18,079	\$ 2,387	\$ -	\$ 18,176	\$ 2,401,821
Cash and Investment Assets - December 31						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (61,099)
Restricted assets:						
Cash and investments	5,371	18,079	2,387	-	18,176	2,462,920
Total cash and investment assets - December 31	\$ 5,371	\$ 18,079	\$ 2,387	\$ -	\$ 18,176	\$ 2,401,821
Cash and Investment Fund Balance - December 31						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ 18,176	\$ 641,798
Public safety	5,371	18,079	-	-	-	1,043,639
Highways and streets	-	-	-	-	-	35,397
Health and welfare	-	-	2,387	-	-	220,155
Aviation	-	-	-	-	-	42,525
Debt service	-	-	-	-	-	479,406
Unrestricted	-	-	-	-	-	(61,099)
Total cash and investment fund balance - December 31	\$ 5,371	\$ 18,079	\$ 2,387	\$ -	\$ 18,176	\$ 2,401,821

LAWRENCE COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For The Year Ended December 31, 2004

	<u>County Police Retirement Plan Fund</u>	<u>County Police Benefit Plan Fund</u>	<u>Total</u>
Additions:			
Contributions:			
Employer	\$ 233,768	\$ 171,348	\$ 405,116
Investment receipts:			
Net increase in investments	90,184	13,698	103,882
Interest	<u>55,196</u>	<u>4,678</u>	<u>59,874</u>
Total investment receipts	<u>145,380</u>	<u>18,376</u>	<u>163,756</u>
Total additions	<u>379,148</u>	<u>189,724</u>	<u>568,872</u>
Deductions:			
Benefits	239,994	52,933	292,927
Administrative and general	<u>34,720</u>	<u>2,598</u>	<u>37,318</u>
Total deductions	<u>274,714</u>	<u>55,531</u>	<u>330,245</u>
Excess of total additions over total deductions	104,434	134,193	238,627
Cash and investment fund balance - beginning	<u>1,767,570</u>	<u>89,091</u>	<u>1,856,661</u>
Cash and investment fund balance - ending	<u>\$ 1,872,004</u>	<u>\$ 223,284</u>	<u>\$ 2,095,288</u>

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

	County Treasurer	Payroll	Tax Distribution	Levy Excess Special Revenue	Levy Excess Welfare	State Welfare Excise Tax	State Fair
Additions:							
Agency fund additions	\$ 45,981,665	\$ 4,898,628	\$ 38,548,384	\$ 471,493	\$ 31,188	\$ 70,384	\$ 11,917
Deductions:							
Agency fund deductions	<u>46,352,409</u>	<u>4,805,184</u>	<u>38,548,867</u>	-	-	<u>70,384</u>	<u>11,917</u>
Excess (deficiency) of total additions over total deductions	(370,744)	93,444	(483)	471,493	31,188	-	-
Cash and investment fund balance - beginning	<u>850,611</u>	<u>441,809</u>	<u>713</u>	-	-	<u>10,971</u>	-
Cash and investment fund balance - ending	<u>\$ 479,867</u>	<u>\$ 535,253</u>	<u>\$ 230</u>	<u>\$ 471,493</u>	<u>\$ 31,188</u>	<u>\$ 10,971</u>	<u>\$ -</u>

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

	State Forestry	State Fines and Forfeitures	Riverboat Wagering Tax	Sales Disclosure	Surplus Dog	Welfare Trust	Congressional School Interest
Additions:							
Agency fund additions	\$ 23,834	\$ 233	\$ 288,978	\$ 6,695	\$ 3,927	\$ 43,259	\$ -
Deductions:							
Agency fund deductions	<u>23,834</u>	<u>183</u>	<u>288,978</u>	<u>390</u>	<u>4,157</u>	<u>38,181</u>	<u>623</u>
Excess (deficiency) of total additions over total deductions	-	50	-	6,305	(230)	5,078	(623)
Cash and investment fund balance - beginning	<u>-</u>	<u>-</u>	<u>2,002</u>	<u>1,558</u>	<u>73</u>	<u>48,141</u>	<u>9,128</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ 2,002</u>	<u>\$ 7,863</u>	<u>\$ (157)</u>	<u>\$ 53,219</u>	<u>\$ 8,505</u>

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

	City/Town Court Costs	Tax Sale Surplus	Tax Sale Redemption	Surplus Tax	Child Restraint Violations Fines	State Sales Disclosure Fee	Overweight Vehicle Fines
Additions:							
Agency fund additions	\$ 16,862	\$ 418,056	\$ 468,476	\$ 61,549	\$ 775	\$ 6,675	\$ 9,015
Deductions:							
Agency fund deductions	<u>16,440</u>	<u>1,825,512</u>	<u>346,196</u>	<u>68,092</u>	<u>775</u>	<u>6,653</u>	<u>9,015</u>
Excess (deficiency) of total additions over total deductions	422	(1,407,456)	122,280	(6,543)	-	22	-
Cash and investment fund balance - beginning	<u>14,378</u>	<u>1,616,170</u>	<u>357</u>	<u>32,089</u>	<u>-</u>	<u>88</u>	<u>-</u>
Cash and investment fund balance - ending	<u>\$ 14,800</u>	<u>\$ 208,714</u>	<u>\$ 122,637</u>	<u>\$ 25,546</u>	<u>\$ -</u>	<u>\$ 110</u>	<u>\$ -</u>

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

	Infraction Judgments	Education License Plate Fee	Convention and Tourism Agency Fund	Mortgage Fees State Share	Reimbursement Tax Sale	Inheritance Tax
Additions:						
Agency fund additions	\$ 36,073	\$ 3,169	\$ 194,018	\$ 6,857	\$ 20,300	\$ 571,504
Deductions:						
Agency fund deductions	<u>36,073</u>	<u>3,225</u>	<u>222,000</u>	<u>6,857</u>	<u>7,770</u>	<u>326,232</u>
Excess (deficiency) of total additions over total deductions	-	(56)	(27,982)	-	12,530	245,272
Cash and investment fund balance - beginning	<u>-</u>	<u>479</u>	<u>27,982</u>	<u>-</u>	<u>1,223</u>	<u>40,399</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 423</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,753</u>	<u>\$ 285,671</u>

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

	<u>Probation Gift</u>	<u>Medical Assistance To Wards</u>	<u>Children With Special Health Care Needs</u>	<u>Hospital Care For the Indigent</u>	<u>County Clerk</u>	<u>Recorder</u>
Additions:						
Agency fund additions	\$ -	\$ 10,427	\$ 50,648	\$ 469,235	\$ 5,931,632	\$ 231,913
Deductions:						
Agency fund deductions	<u>-</u>	<u>10,966</u>	<u>53,272</u>	<u>493,400</u>	<u>5,960,290</u>	<u>232,957</u>
Excess (deficiency) of total additions over total deductions	-	(539)	(2,624)	(24,165)	(28,658)	(1,044)
Cash and investment fund balance - beginning	<u>228</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>620,235</u>	<u>19,703</u>
Cash and investment fund balance - ending	<u>\$ 228</u>	<u>\$ (539)</u>	<u>\$ (2,624)</u>	<u>\$ (24,165)</u>	<u>\$ 591,577</u>	<u>\$ 18,659</u>

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

	Sheriff	Inmate Trust	Prosecutor	Health	Sheriff's Pension Holding	Total
Additions:						
Agency fund additions	\$ 1,029,379	\$ 238,617	\$ 103,995	\$ 85,929	\$ 9,806	\$ 100,355,495
Deductions:						
Agency fund deductions	<u>1,029,374</u>	<u>239,109</u>	<u>108,838</u>	<u>77,720</u>	<u>8,545</u>	<u>101,234,418</u>
Excess (deficiency) of total additions over total deductions	5	(492)	(4,843)	8,209	1,261	(878,923)
Cash and investment fund balance - beginning	<u>200</u>	<u>7,166</u>	<u>11,723</u>	<u>4,310</u>	<u>-</u>	<u>3,761,736</u>
Cash and investment fund balance - ending	<u>\$ 205</u>	<u>\$ 6,674</u>	<u>\$ 6,880</u>	<u>\$ 12,519</u>	<u>\$ 1,261</u>	<u>\$ 2,882,813</u>

LAWRENCE COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 1,418,400
Infrastructure	13,380,281
Buildings	20,837,600
Machinery and equipment	<u>8,877,605</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 44,513,886</u></u>

LAWRENCE COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2006

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
Detention Center	\$ 1,284,618	\$ 449,611
Courthouse Annex	4,182,310	120,000
Highway-Trucks	127,250	118,812
Notes and loans payable	40,995	15,810
Bonds payable:		
General obligation bonds:		
2004 issue for Sofaland Building	1,315,000	130,000
Total governmental activities long-term debt	<u>\$ 6,950,173</u>	<u>\$ 834,233</u>

LAWRENCE COUNTY
OTHER REPORTS

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

County Auditor
County Treasurer
County Sheriff
County Board of Aviation
Health Department

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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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 LAWRENCE COUNTY, INDIANA

Compliance

We have audited the compliance of Lawrence 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 of America; 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.

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in a County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that

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adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the County's management, county commissioners, county council, 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

August 1, 2007

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

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Pass-Through Indiana Criminal Justice Institute			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	04-JF-031 05-JF-010	\$ 9,486 <u>26,424</u>
Total for program			<u>35,910</u>
Crime Victim Assistance	16.575	05-ST-030 05-VA-075	22,958 <u>12,369</u>
Total for program			<u>35,327</u>
Edward Byrne Memorial Formula Grant Program	16.579	04-DB-047	<u>114,660</u>
Violence Against Women Formula Grants	16.588	06-ST-063	<u>12,102</u>
Residential Substance Abuse Treatment for State Prisoners	16.593	03-RT-005	<u>23,754</u>
Total for federal grantor agency			<u>221,753</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Criminal Justice Institute			
Highway Safety Cluster			
State and Community Highway Safety	20.600	OP-2006-02-03-83 OP-2007-01-02-17	6,600 <u>1,700</u>
Total for cluster			<u>8,300</u>
Direct Grant			
Airport Improvement Program	20.106	3-18-0005-03 3-18-0005-04	9,595 <u>26,729</u>
Total for program			<u>36,324</u>
Total for federal grantor agency			<u>44,624</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	93.283	BPRS 146-2	51,936 <u>143</u>
Total for program			<u>52,079</u>
Pass-Through Indiana Department of Child Services			
Child Support Enforcement	93.563		
County Prosecutor Expenditures			153,441
Circuit Court Clerk Expenditures			67,158
IV-D Collection Incentive			107,470
Indirect Costs			<u>62,545</u>
Total for program			<u>390,614</u>
Total for federal grantor agency			<u>442,693</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security			
Homeland Security Grant Program	97.067		
FY 05 State Homeland Security Program			27,319
FY 05 Law Enforcement Terrorism Prevention Program			14,900
FY 05 Emergency Management Planning Grant			<u>14,385</u>
Total for program			<u>56,604</u>
Total federal awards expended			<u>\$ 765,674</u>

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

LAWRENCE COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

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

II. Subrecipients

Of the federal expenditures presented in the schedule, the County provided federal awards to subrecipients as follows for the year ended December 31, 2006:

Program Title	Federal CFDA Number	2006
Crime Victim Assistance	16.575	\$ 35,327
Violence Against Women Formula Grants	16.588	12,102

LAWRENCE 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?	none reported

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

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
93.563	Child Support Enforcement

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FINDING 2006-1, ACCOUNTING SYSTEM WEAKNESSES

Lawrence County, in conjunction with the Indiana Family and Social Services Administration, 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. The errors are currently being corrected on a case-by-case basis as they are identified.

LAWRENCE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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. (Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Courts, Chapter 14)

FINDING 2006-2, TREASURER'S RECONCILIATIONS

The County Treasurer had not completed bank reconciliations since December 31, 2004, and the subsidiary ledger, Surplus Tax Fund Ledger, Form 65 STS, was not reconciled with the balance in the Treasurer's Daily Balance of Depositories. Reconcilements were not made between the Treasurer's Monthly Financial Statement, Form 61, and the Auditor's Monthly Financial Statement, Form 61. On three occasions the postings to the tax duplicate did not agree with the Real Property Tax Statement provided by the property owner.

Indiana Code 5-13-6-1(c) 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."

Failure to properly perform monthly bank reconciliations results in errors not being timely corrected and inaccurate information being presented on the financial records.

The Accounting and Uniform Compliance Guidelines Manual for County Treasurers states in part: "At all times, the manual and computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund."

The County Treasurer was instructed to design and properly monitor procedures that would ensure that the bank reconciliations and subsidiary ledger reconciliations are being properly and timely performed and that the postings to the tax duplicate agree with the Real Property Tax Statements.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

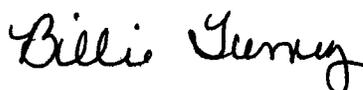
LAWRENCE COUNTY AUDITOR
BILLIE TUMEY
915 16TH ST. ROOM 28
BEDFORD, IN 47421
812-275-3111

August 1, 2007

FINDING NO. 2005-1, CASH MANAGEMENT
FINDING NO. 2005-2, MATCHING
FINDING NO 2005-03, REPORTING

Federal Agency: U. S. Department of Justice
Federal Program: Edward Byrne Memorial Formula Grant Program
CFDA Number 16.579
Federal Award Number 2002-DB-BX-0018 and 2003-DB-BX-0026
Auditee Contact Person: Judge Andrea McCord
Title of Contact Person: Juvenile Court Judge
Phone Number: 812-275-2421
Expected Completion Date: 10-06

We contacted the Indiana Criminal Justice Institute in October 2006 and explained to them the error and ask for their help in resolving the issue. Their response was they would get back with us, as of today date we have not been contacted with a resolution.



Billie Tumey
Lawrence County Auditor



Michelle L. Woodward
Prosecuting Attorney

James F. Gallagher
Chief Deputy Prosecuting Attorney

Office of the Prosecuting Attorney
81st JUDICIAL CIRCUIT
LAWRENCE COUNTY, INDIANA

918 16th Street, Suite 500
Bedford, Indiana 47421
Telephone (812) 275-4439
FAX (812) 277-2032

Date: July 9, 2007

To: State Board of Accounts

From: Michelle Woodward, Lawrence County Prosecutor

Re: Finding No. 2006-1 Accounting System Weakness

Response

The main job of the child support division is to establish paternity, establish child support and medical orders and collect child support for children. My employees in the child support division do an excellent job. Their hard work is illustrated by the continuing increase in the collection of total support. For example, in 2005, the total support collected was \$3,566,739.00 and in 2006, they increased collection of total support by 9.79% to \$3,915,774.00.

In the 2006 audit of the child support division, ten random child support cases were checked and I believe there were calculation errors found in the balances of child support in two of those cases. Those errors were pointed out and promptly corrected by my employees. Ten additional child support cases were then checked and there were no errors found in those cases.

With regard to the calculation errors, when entering information into ISETS, we are not the only users who have access to accounts. There are people at the State level who have access, as well as people in other counties and the Clerk's Office. According to my employees, they have noticed in the last couple of years that orders can be entered into ISETS and accounts can be adjusted to match a calculation that is done according to the court order, then the next time my employees check the accounts they are incorrect and my employees have done nothing to change the accounts.

In addition, according to my employees, when we ask the State to make an adjustment on a case that they have held too much money and the money should have gone to the custodial parent the accounts always seem to be a mess when they get done. We try to check the account after every adjustment by the State has been made to ensure that the correct amount is reflected.

We have also noticed that occasionally the current support amount is not calculated correctly in ISETS when there is a month with five Fridays in a month, however my employees are working hard to ensure that their calculations are accurate and correcting the errors in ISETS as soon as those errors are discovered.

Michelle Woodward

BOARD OF COMMISSIONERS
COUNTY OF LAWRENCE
COURT HOUSE
BEDFORD, INDIANA 47421

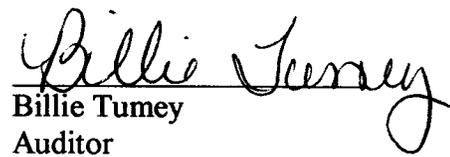
August 1, 2007

AUDIT FINDING NO. 2006-2, TREASURER'S RECONCILIATIONS

We have been made aware of the status of the Treasurers Office and have hired a consultant to review the situation and resolve the errors.



William Spreen
Commissioner President



Billie Tumeey
Auditor

LAWRENCE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 1, 2007, with Billie J. Tumey, Auditor; Ross Jean, President of the County Council; David Flinn, County Commissioner; and David A. Smith, County Attorney.