

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

ANNUAL FINANCIAL REPORT

2006

HENRY COUNTY, INDIANA



**FILED**

11/21/2007



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards .....	3-4
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 .....	5-6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets – Cash and Investment Basis .....	7
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds .....	8
Proprietary Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Proprietary Funds.....	9
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Funds .....	10
Notes to Financial Statements .....	11-23
Required Supplementary Information:	
Schedules of Funding Progress .....	24
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds.....	25-38
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Agency Funds.....	39-42
Schedule of Capital Assets.....	43
Schedule of Long-Term Debt .....	44
Other Reports.....	45
Supplemental Audit of Federal Awards:	
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.....	48-49
Schedule of Expenditures of Federal Awards .....	50
Note to Schedule of Expenditures of Federal Awards.....	51
Schedule of Findings and Questioned Costs .....	52-53
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings .....	54-58
Corrective Action Plan.....	59
Exit Conference.....	60

### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Linda S. Ratcliff	01-01-03 to 12-31-10
Treasurer	Debra Walker	01-01-03 to 12-31-10
Clerk	Patricia French	01-01-03 to 12-31-10
Sheriff	Kim L. Cronk Bruce (Butch) Baker	01-01-03 to 12-31-06 01-01-07 to 12-31-10
Recorder	Terri Pope Susie Hufford	01-01-03 to 12-31-06 01-01-07 to 12-31-10
President of the Board of County Commissioners	Larry D. Hale Philip J. Estridge	01-01-06 to 12-31-06 01-01-07 to 12-31-07
President of the County Council	Robert L. Veach	01-01-06 to 12-31-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF HENRY COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Henry 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 September 26, 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

September 26, 2007



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

**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 HENRY COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Henry 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 September 26, 2007. 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.

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.

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.

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. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

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)

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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management in a separate letter dated September 26, 2007.

This report is intended solely for the information and use of the County's management, Henry County Commissioners, Henry 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

September 26, 2007

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

Functions/Programs	Program Receipts				Net (Disbursements) Receipts and Changes in Net Assets		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activity	Totals
Primary government:							
Governmental activities:							
General government	\$ 10,452,288	\$ 1,061,451	\$ 322,337	\$ 225,000	\$ (8,843,500)	\$ -	\$ (8,843,500)
Public safety	10,434,935	5,091,920	909,721	150,000	(4,283,294)	-	(4,283,294)
Highways and streets	4,842,707	21,050	5,008,225	-	186,568	-	186,568
Health and welfare	5,452,601	108,557	1,225,075	-	(4,118,969)	-	(4,118,969)
Economic development	1,330,548	476,920	-	-	(853,628)	-	(853,628)
Culture and recreation	1,039,227	296,639	24,608	-	(717,980)	-	(717,980)
Total governmental activities	<u>33,552,306</u>	<u>7,056,537</u>	<u>7,489,966</u>	<u>375,000</u>	<u>(18,630,803)</u>	<u>-</u>	<u>(18,630,803)</u>
Business-type activity:							
Health insurance reserve	-	-	-	-	-	(197,246)	(197,246)
Total primary government	<u>\$ 33,552,306</u>	<u>\$ 7,056,537</u>	<u>\$ 7,489,966</u>	<u>\$ 375,000</u>	<u>(18,630,803)</u>	<u>(197,246)</u>	<u>(18,828,049)</u>
General receipts:							
Property taxes					11,653,768	-	11,653,768
Other local sources					6,737,516	-	6,737,516
Unrestricted investment earnings					706,596	-	706,596
Total general receipts					<u>19,097,880</u>	<u>-</u>	<u>19,097,880</u>
Change in net assets					467,077	(197,246)	269,831
Net assets - beginning					<u>12,131,836</u>	<u>1,448,851</u>	<u>13,580,687</u>
Net assets - ending					<u>\$ 12,598,913</u>	<u>\$ 1,251,605</u>	<u>\$ 13,850,518</u>
<u>Assets</u>							
Cash and investments					\$ 1,094,499	\$ -	\$ 1,094,499
Restricted assets:							
Cash and investments					11,504,414	1,251,605	12,756,019
Total assets					<u>\$ 12,598,913</u>	<u>\$ 1,251,605</u>	<u>\$ 13,850,518</u>
<u>Net Assets</u>							
Restricted for:							
Public safety					\$ 2,027,804	\$ -	\$ 2,027,804
Highways and streets					2,763,858	-	2,763,858
Health and welfare					4,570,270	-	4,570,270
Culture and recreation					304,513	-	304,513
Economic development					297,970	-	297,970
Debt services					224,281	-	224,281
Other purposes					1,315,718	1,251,605	2,567,323
Unrestricted					1,094,499	-	1,094,499
Total net assets					<u>\$ 12,598,913</u>	<u>\$ 1,251,605</u>	<u>\$ 13,850,518</u>

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

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

	General	Family and Children	Food and Beverage Debt Service	Other Governmental Funds	Totals
Receipts:					
Taxes	\$ 9,083,992	\$ 2,827,948	\$ -	\$ 3,686,952	\$ 15,598,892
Special assessments	-	-	-	173,878	173,878
Licenses and permits	26,357	-	-	-	26,357
Intergovernmental	783,863	1,482,174	-	6,984,409	9,250,446
Charges for services	786,964	-	458,929	4,920,947	6,166,840
Fines and forfeits	284,401	-	-	200,253	484,654
Other	1,622,734	210,328	33,935	451,319	2,318,316
Total receipts	<u>12,588,311</u>	<u>4,520,450</u>	<u>492,864</u>	<u>16,417,758</u>	<u>34,019,383</u>
Disbursements:					
General government	8,333,963	-	-	562,253	8,896,216
Public safety	4,628,919	-	-	5,819,413	10,448,332
Highways and streets	-	-	-	4,842,707	4,842,707
Health and welfare	141,385	3,820,644	-	1,503,427	5,465,456
Culture and recreation	-	-	-	1,039,227	1,039,227
Urban redevelopment and housing	-	-	-	230,000	230,000
Debt service:					
Principal	-	-	225,000	195,000	420,000
Interest	-	-	164,569	836,455	1,001,024
Capital outlay:					
Highways and streets	-	-	-	571,261	571,261
Economic development	-	-	507,525	130,558	638,083
Total disbursements	<u>13,104,267</u>	<u>3,820,644</u>	<u>897,094</u>	<u>15,730,301</u>	<u>33,552,306</u>
Excess (deficiency) of receipts over disbursements	<u>(515,956)</u>	<u>699,806</u>	<u>(404,230)</u>	<u>687,457</u>	<u>467,077</u>
Other financing sources (uses):					
Transfers in	10,951	-	-	1,329,043	1,339,994
Transfers out	(6,070)	-	-	(1,333,924)	(1,339,994)
Total other financing sources (uses)	<u>4,881</u>	<u>-</u>	<u>-</u>	<u>(4,881)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(511,075)</u>	<u>699,806</u>	<u>(404,230)</u>	<u>682,576</u>	<u>467,077</u>
Cash and investment fund balance - beginning	<u>1,605,574</u>	<u>3,024,597</u>	<u>1,715,030</u>	<u>5,786,635</u>	<u>12,131,836</u>
Cash and investment fund balance - ending	<u>\$ 1,094,499</u>	<u>\$ 3,724,403</u>	<u>\$ 1,310,800</u>	<u>\$ 6,469,211</u>	<u>12,598,913</u>
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because:					
Internal services funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.					<u>1,251,605</u>
Net assets of governmental activities					<u>\$ 13,850,518</u>
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ 1,094,499	\$ -	\$ -	\$ -	\$ 1,094,499
Restricted assets:					
Cash and investments	-	3,724,403	1,310,800	6,469,211	11,504,414
Total cash and investment assets - December 31	<u>\$ 1,094,499</u>	<u>\$ 3,724,403</u>	<u>\$ 1,310,800</u>	<u>\$ 6,469,211</u>	<u>\$ 12,598,913</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Public safety	\$ -	\$ -	\$ -	\$ 2,027,804	\$ 2,027,804
Highways and streets	-	-	1,310,800	1,453,058	2,763,858
Health and welfare	-	3,724,403	-	845,867	4,570,270
Culture and recreation	-	-	-	304,513	304,513
Economic development	-	-	-	297,970	297,970
Debt service	-	-	-	224,281	224,281
Other purposes	-	-	-	1,315,718	1,315,718
Unrestricted	1,094,499	-	-	-	1,094,499
Total cash and investment fund balance - December 31	<u>\$ 1,094,499</u>	<u>\$ 3,724,403</u>	<u>\$ 1,310,800</u>	<u>\$ 6,469,211</u>	<u>\$ 12,598,913</u>

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

HENRY COUNTY  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
As of and for the Year Ended December 31, 2006

	<u>Internal Service Funds</u>
Operating receipts:	
Other	\$ <u>3,538,278</u>
Operating disbursements:	
Miscellaneous disbursements	<u>3,735,524</u>
Deficiency of receipts over disbursements	<u>(197,246)</u>
Cash and investment fund balance - beginning	<u>1,448,851</u>
Cash and investment fund balance - ending	<u>\$ 1,251,605</u>
<u>Cash and Investment Assets - December 31</u>	
Restricted assets:	
Cash and investments	<u>\$ 1,251,605</u>
<u>Cash and Investment Fund Balance - December 31</u>	
Restricted for:	
Other purposes	<u>\$ 1,251,605</u>

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

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

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Employer	\$ 228,000	\$ -	\$ -
Plan members	<u>50,065</u>	<u>-</u>	<u>-</u>
Total contributions	<u>278,065</u>	<u>-</u>	<u>-</u>
Investment earnings:			
Net increase in fair value of investments	<u>229,840</u>	<u>-</u>	<u>-</u>
Agency fund additions	<u>-</u>	<u>-</u>	<u>126,985,006</u>
Total additions	<u>507,905</u>	<u>-</u>	<u>126,985,006</u>
Deductions:			
Benefits	102,575	-	-
Refunds of contributions	8,364	-	-
Administrative and general	75,250	-	-
Agency fund deductions	<u>-</u>	<u>-</u>	<u>127,585,868</u>
Total deductions	<u>186,189</u>	<u>-</u>	<u>127,585,868</u>
Excess (deficiency) of total additions over total deductions	321,716	-	(600,862)
Cash and investment fund balance - beginning	<u>3,180,590</u>	<u>21,969</u>	<u>3,143,361</u>
Cash and investment fund balance - ending	<u>\$ 3,502,306</u>	<u>\$ 21,969</u>	<u>\$ 2,542,499</u>

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

HENRY COUNTY  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

Primary Government:	Henry County
Discretely Presented Component Units:	Henry County Hospital, Three Rivers (Henry County) Solid Waste Management District

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

The Henry County Hospital and Henry County Solid Waste Management District, discretely presented 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. The County appoints the board members of the Henry County Alcoholic Beverage Board, New Castle-Henry County Aviation Commission, South Henry Regional Waste Water District, Spiceland Township Library Board, and New Castle-Henry County Public Library Board.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis 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.

Fund Financial Statements

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

HENRY COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The County reports the following major governmental funds:

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

The family and children fund accounts for financial resources used in the aid of needy individuals and families.

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

Additionally, the County reports the following fund types:

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

The pension trust funds account for the activities of the sheriff's pension fund which accumulates resources for pension benefit payments.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

HENRY COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Capital Assets

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

3. Long-Term Debt

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

4. Equity Classification

Government-Wide Statements

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

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

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

Fund Financial Statements

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

HENRY COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

E. Receipts and Disbursements

1. Program Receipts

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

2. Operating Receipts and Disbursements

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

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

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

Government-Wide Financial Statements

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

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

HENRY COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

II. Stewardship, Compliance and Accountability

Budgetary Information

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

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

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

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. The Sheriff's Merit Board has not established an investment policy for the Sheriff's Retirement and Benefit Pension Plan. As of December 31, 2006, the County had the following investments:

HENRY COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Investment Type	Sheriff's Retirement and Benefit Pension Plans
U.S. treasuries and securities	\$ 612,993
Corporate stock	2,372,431
Mutual funds	149,730
U.S. agencies	362,020
Total	\$ 3,497,174

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.

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.

HENRY COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The County does not have a formal investment policy for custodial credit risk for investments. At December 31, 2006, the County held no investments.

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 Mutual Funds, Corporate Stocks, U.S. Treasuries and Securities, and Corporate Bonds in the amount of \$ 3,497,174. Of these investments none 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	\$ 24,520	\$ 36,780	\$ 551,693
U.S. agencies	15,246	22,766	324,008
Totals	<u>\$ 39,766</u>	<u>\$ 59,546</u>	<u>\$ 875,701</u>

Credit Risk

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

HENRY COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Sheriff's Retirement and Benefit Pension Plans:

Standard and Poor's Rating	Moody's Rating	Corporate Bonds
AAA	Aaa	\$ 38,866
AA	Aa	86,685
A	A	181,830
BBB	Baa	29,308
B	B	2,875
CCC	Caa	12,662
Unrated	Unrated	9,794
Total		\$ 362,020

Concentration of Credit Risk

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

The Sheriff's Merit Board has not adopted a policy for the concentration of credit risk. More than 5% of the Sheriff's Retirement and Benefit investments are in mutual funds, corporate stock, and corporate bonds. These investments represent 4%, 68%, and 10%, respectively, of the total investments.

Foreign Currency Risk

The County does not have a formal policy in regards to foreign currency risk. The foreign currency related to this investment is \$0.

The Sheriff's Merit Board has not adopted a formal policy in regards to foreign currency risk. The foreign currency related to this investment is foreign stock and the investment has a fair value of \$ 4,256.

B. Interfund Transfers

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

Transfer From	Transfer To	2006
General Fund	Other governmental	\$ 6,070
Other governmental	General Fund	10,951
Other governmental	Other governmental	1,322,973
Total		\$ 1,339,994

HENRY COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

IV. Other Information

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

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

Medical Benefits to Employees, Retirees and Dependents

The County has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees and dependents. The risk financing fund is accounted for in the Health Insurance Reserve Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$50,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

Job Related Illnesses or Injury to Employees

During 1998, the County joined with other governmental entities in the Indiana Public Employer's Plan, a public entity risk pool currently operating as a common risk management and insurance program for 790 member governmental entities. This risk pool was formed in 1989. The purpose of the risk pool is to provide a medium for the funding and administration of job related illness or injury to employees. The County pays an annual premium to the risk pool for its job related illness or injury to employees coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$1,000,000 limit.

B. Holding Corporations

The County has entered into a capital lease with the Henry County Government Center Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the County. The lessor has been determined to be a related party of the County. Lease payments during the year totaled \$ 824,000.

HENRY COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The County has entered into a capital lease with the Henry County Juvenile Center Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the County. The lessor has been determined to be a related party of the County. Lease payments during the year totaled \$ 315,050.

C. Subsequent Events

On April 30, 2007, the Henry County Redevelopment Commission, a department of the County entered into a Bond Anticipation Note in the amount of \$3,200,000 in anticipation of Tax Increment Financing Bonds to be issued in the future. The purpose of the future bonds will be to finance economic development related to the TS Tech manufacturing project.

D. Postemployment Benefits

In addition to the pension benefits described below, the County provides postemployment health insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the County on or after attaining age 55 with at least 12 years of service. Currently, 25 retirees meet these eligibility requirements. The County and retirees provide 50% to 90% and 50% to 10%, respectively, of these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. Disbursements for postemployment benefits cannot be reasonably estimated.

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.

HENRY COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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

Funding Policy and Annual Pension Cost

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

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

2. County Police Retirement Plan

Plan Description

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

HENRY COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

	PERF	County Police Retirement Plan	County Police Benefit Plan
Annual required contribution	\$ 465,991	\$ 203,923	\$ 44,311
Interest on net pension obligation	(29,796)	6,602	-
Adjustment to annual required contribution	<u>33,954</u>	<u>(9,478)</u>	<u>-</u>
Annual pension cost	470,149	201,047	44,311
Contributions made	<u>452,902</u>	<u>183,689</u>	<u>44,311</u>
Increase in net pension obligation	17,247	17,358	-
Net pension obligation, beginning of year	<u>(410,973)</u>	<u>94,308</u>	<u>-</u>
Net pension obligation, end of year	<u>\$ (393,726)</u>	<u>\$ 111,666</u>	<u>\$ -</u>

	PERF	County Police Retirement Plan	County Police Benefit Plan
Contribution rates:			
County	5.5%	17.8%	5.9%
Plan members	3%	6%	6%
Actuarial valuation date	07-01-05	01-01-06	01-01-06
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	40 years	40 years	40 years
Amortization period (from date)	07-01-97	12-31-97	12-31-97
Asset valuation method	4 year smoothed market	4 year smoothed market	4 year smoothed market

Actuarial Assumptions

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

HENRY COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-04	\$ 316,091	130%	\$ (344,316)
	06-30-05	366,020	137%	(410,973)
	06-30-06	470,149	124%	(393,726)
County Police Retirement Plan	12-31-04	190,272	81.4%	92,220
	12-31-05	189,488	90.9%	94,308
	12-31-06	203,923	87.4%	111,666
County Police Benefit Plan	12-31-04	47,290	100%	-
	12-31-05	43,413	100%	-
	12-31-06	44,311	100%	-

HENRY COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 5,568,906	\$ 6,300,634	\$ (731,728)	88%	\$ 6,718,127	(11%)
07-01-05	5,912,220	7,376,997	(1,464,777)	80%	7,329,075	(20%)
07-01-06	6,729,048	7,931,292	(1,202,244)	85%	7,564,192	(16%)

Sheriff's Retirement Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-02	\$ 2,028,019	\$ 2,119,942	\$ (91,923)	96%	\$ 964,300	(10%)
01-01-03	2,115,199	2,204,579	(89,380)	96%	1,015,359	(9%)
01-01-04	2,294,648	2,406,955	(112,307)	95%	1,057,108	(11%)
01-01-05	2,506,650	2,626,793	(120,143)	95%	1,062,254	(11%)
01-01-06	2,883,256	3,008,479	(125,223)	96%	1,129,565	(11%)
01-01-07	3,320,872	3,453,271	(132,399)	96%	1,151,768	(11%)

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

	Surveyor's Corner Perpetuation	Reassessment	Recorder's Records Perpetuation	Identification Security Protection	Plat Book	County Debt Service	Electronic Map Generation
Receipts:							
Taxes	\$ -	\$ 176,689	\$ -	\$ -	\$ -	\$ 752,274	\$ -
Special assessments	-	-	-	-	-	-	-
Intergovernmental	-	21,883	-	-	-	92,577	-
Charges for services	11,588	-	59,585	15,602	12,753	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	8,171	-	-	-	-	1,179
<b>Total receipts</b>	<b>11,588</b>	<b>206,743</b>	<b>59,585</b>	<b>15,602</b>	<b>12,753</b>	<b>844,851</b>	<b>1,179</b>
Disbursements:							
General government	6,784	316,265	119,177	-	9,525	-	504
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	120,000	-
Interest	-	-	-	-	-	708,000	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>6,784</b>	<b>316,265</b>	<b>119,177</b>	<b>-</b>	<b>9,525</b>	<b>828,000</b>	<b>504</b>
Excess (deficiency) of receipts over disbursements	4,804	(109,522)	(59,592)	15,602	3,228	16,851	675
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,804	(109,522)	(59,592)	15,602	3,228	16,851	675
Cash and investment fund balance - beginning	14,214	294,031	158,034	-	63,870	29,045	661
Cash and investment fund balance - ending	<u>\$ 19,018</u>	<u>\$ 184,509</u>	<u>\$ 98,442</u>	<u>\$ 15,602</u>	<u>\$ 67,098</u>	<u>\$ 45,896</u>	<u>\$ 1,336</u>
<b>Cash and Investment Assets - December 31</b>							
Restricted assets:							
Total cash and investment assets - December 31	<u>\$ 19,018</u>	<u>\$ 184,509</u>	<u>\$ 98,442</u>	<u>\$ 15,602</u>	<u>\$ 67,098</u>	<u>\$ 45,896</u>	<u>\$ 1,336</u>
<b>Cash and Investment Fund Balance - December 31</b>							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ 15,602	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	45,896	-
Other purposes	19,018	184,509	98,442	-	67,098	-	1,336
<b>Total cash and investment fund balance - December 31</b>	<b><u>\$ 19,018</u></b>	<b><u>\$ 184,509</u></b>	<b><u>\$ 98,442</u></b>	<b><u>\$ 15,602</u></b>	<b><u>\$ 67,098</u></b>	<b><u>\$ 45,896</u></b>	<b><u>\$ 1,336</u></b>

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

	Collection Fee Fund	Assessor Disclosure	County Police Pension	Restricted Donation (Local)	Drug Abuse Resistance Education (Local)	Juvenile Probation Services	Adult Probation Services
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	13,325	66,929
Fines and forfeits	695	6,830	-	-	-	-	13,914
Other	-	603	-	18,226	9,500	-	-
<b>Total receipts</b>	<b>695</b>	<b>7,433</b>	<b>-</b>	<b>18,226</b>	<b>9,500</b>	<b>13,325</b>	<b>80,843</b>
Disbursements:							
General government	847	3,770	-	30,397	-	-	-
Public safety	-	-	-	-	10,137	18,960	80,926
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>847</b>	<b>3,770</b>	<b>-</b>	<b>30,397</b>	<b>10,137</b>	<b>18,960</b>	<b>80,926</b>
Excess (deficiency) of receipts over disbursements	(152)	3,663	-	(12,171)	(637)	(5,635)	(83)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	6,070
Transfers out	-	-	-	-	-	-	(10,951)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(4,881)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(152)	3,663	-	(12,171)	(637)	(5,635)	(4,964)
Cash and investment fund balance - beginning	152	12,980	2,350	23,214	2,527	95,565	54,904
Cash and investment fund balance - ending	\$ -	\$ 16,643	\$ 2,350	\$ 11,043	\$ 1,890	\$ 89,930	\$ 49,940
<b>Cash and Investment Assets - December 31</b>							
Restricted assets:							
Total cash and investment assets - December 31	\$ -	\$ 16,643	\$ 2,350	\$ 11,043	\$ 1,890	\$ 89,930	\$ 49,940
<b>Cash and Investment Fund Balance - December 31</b>							
Restricted for:							
Public safety	\$ -	\$ -	\$ 2,350	\$ -	\$ 1,890	\$ 89,930	\$ 49,940
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	-	16,643	-	11,043	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<b>\$ -</b>	<b>\$ 16,643</b>	<b>\$ 2,350</b>	<b>\$ 11,043</b>	<b>\$ 1,890</b>	<b>\$ 89,930</b>	<b>\$ 49,940</b>

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

	Adventure Program Fee Fund	Clerk's Record Perpetuation	Pretrial Diversion	Probation Drug Testing	Misdemeanant Fund	Prosecutor Incentive	Youth Center Transportation
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	34,328	29,363	-
Charges for services	-	8,656	-	-	1,233	-	-
Fines and forfeits	-	-	41,757	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>8,656</u>	<u>41,757</u>	<u>-</u>	<u>35,561</u>	<u>29,363</u>	<u>-</u>
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	2,444	-	76,818	-	59,785	8,772	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-
Total disbursements	<u>2,444</u>	<u>-</u>	<u>76,818</u>	<u>-</u>	<u>59,785</u>	<u>8,772</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(2,444)</u>	<u>8,656</u>	<u>(35,061)</u>	<u>-</u>	<u>(24,224)</u>	<u>20,591</u>	<u>-</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	18,000	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(2,444)</u>	<u>8,656</u>	<u>(35,061)</u>	<u>-</u>	<u>(6,224)</u>	<u>20,591</u>	<u>-</u>
Cash and investment fund balance - beginning	<u>17,173</u>	<u>22,269</u>	<u>57,342</u>	<u>1,441</u>	<u>17,211</u>	<u>82,200</u>	<u>10,011</u>
Cash and investment fund balance - ending	<u>\$ 14,729</u>	<u>\$ 30,925</u>	<u>\$ 22,281</u>	<u>\$ 1,441</u>	<u>\$ 10,987</u>	<u>\$ 102,791</u>	<u>\$ 10,011</u>
<u>Cash and Investment Assets - December 31</u>							
Restricted assets:							
Total cash and investment assets - December 31	<u>\$ 14,729</u>	<u>\$ 30,925</u>	<u>\$ 22,281</u>	<u>\$ 1,441</u>	<u>\$ 10,987</u>	<u>\$ 102,791</u>	<u>\$ 10,011</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Public safety	\$ 14,729	\$ -	\$ 22,281	\$ 1,441	\$ 10,987	\$ 102,791	\$ 10,011
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	-	30,925	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 14,729</u>	<u>\$ 30,925</u>	<u>\$ 22,281</u>	<u>\$ 1,441</u>	<u>\$ 10,987</u>	<u>\$ 102,791</u>	<u>\$ 10,011</u>

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

	Supplemental Public Defender	Jury Fee	CASA/GAL	Community Services	Community Services Corrections	Community Transition Program	Youth Center
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Intergovernmental	-	-	5,632	237,840	-	28,203	-
Charges for services	-	-	-	-	226,452	-	2,106,567
Fines and forfeits	18,254	11,668	-	-	-	-	-
Other	-	-	-	569	-	-	13,292
<b>Total receipts</b>	<b>18,254</b>	<b>11,668</b>	<b>5,632</b>	<b>238,409</b>	<b>226,452</b>	<b>28,203</b>	<b>2,119,859</b>
<b>Disbursements:</b>							
General government	-	19,281	-	-	-	-	-
Public safety	41,291	-	-	339,732	154,364	17,752	2,070,176
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>41,291</b>	<b>19,281</b>	<b>-</b>	<b>339,732</b>	<b>154,364</b>	<b>17,752</b>	<b>2,070,176</b>
Excess (deficiency) of receipts over disbursements	(23,037)	(7,613)	5,632	(101,323)	72,088	10,451	49,683
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	42,752	-	-	-
Transfers out	-	-	-	-	(42,752)	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,752</b>	<b>(42,752)</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(23,037)	(7,613)	5,632	(58,571)	29,336	10,451	49,683
Cash and investment fund balance - beginning	23,961	57,124	15,310	64,059	570,482	7,665	427,282
Cash and investment fund balance - ending	<u>\$ 924</u>	<u>\$ 49,511</u>	<u>\$ 20,942</u>	<u>\$ 5,488</u>	<u>\$ 599,818</u>	<u>\$ 18,116</u>	<u>\$ 476,965</u>
<b>Cash and Investment Assets - December 31</b>							
<b>Restricted assets:</b>							
Total cash and investment assets - December 31	<u>\$ 924</u>	<u>\$ 49,511</u>	<u>\$ 20,942</u>	<u>\$ 5,488</u>	<u>\$ 599,818</u>	<u>\$ 18,116</u>	<u>\$ 476,965</u>
<b>Cash and Investment Fund Balance - December 31</b>							
<b>Restricted for:</b>							
Public safety	\$ 924	\$ -	\$ -	\$ 5,488	\$ 599,818	\$ 18,116	\$ 476,965
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	-	49,511	20,942	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<u>\$ 924</u>	<u>\$ 49,511</u>	<u>\$ 20,942</u>	<u>\$ 5,488</u>	<u>\$ 599,818</u>	<u>\$ 18,116</u>	<u>\$ 476,965</u>

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

	IBF Youth League Grant	Convention and Tourism	Youth Center School Lunch	County Highway	Local Road and Street	Vehicle Inspection	Lohut Road
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Intergovernmental	4,500	142,593	55,464	2,947,745	1,013,607	-	886,064
Charges for services	-	-	-	21,050	-	1,238	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	32,814	123	-	31,066
Total receipts	<u>4,500</u>	<u>142,593</u>	<u>55,464</u>	<u>3,001,609</u>	<u>1,013,730</u>	<u>1,238</u>	<u>917,130</u>
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	6,988	-	58,350	-	-	4,626	-
Highways and streets	-	-	-	2,775,211	1,002,181	-	953,444
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	125,409	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-
Total disbursements	<u>6,988</u>	<u>125,409</u>	<u>58,350</u>	<u>2,775,211</u>	<u>1,002,181</u>	<u>4,626</u>	<u>953,444</u>
Excess (deficiency) of receipts over disbursements	<u>(2,488)</u>	<u>17,184</u>	<u>(2,886)</u>	<u>226,398</u>	<u>11,549</u>	<u>(3,388)</u>	<u>(36,314)</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	400,000	-	-
Transfers out	-	-	-	-	(400,000)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(2,488)</u>	<u>17,184</u>	<u>(2,886)</u>	<u>226,398</u>	<u>11,549</u>	<u>(3,388)</u>	<u>(36,314)</u>
Cash and investment fund balance - beginning	<u>2,488</u>	<u>2,235</u>	<u>61,822</u>	<u>121,520</u>	<u>13,880</u>	<u>3,520</u>	<u>43,019</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 19,419</u>	<u>\$ 58,936</u>	<u>\$ 347,918</u>	<u>\$ 25,429</u>	<u>\$ 132</u>	<u>\$ 6,705</u>
<u>Cash and Investment Assets - December 31</u>							
Restricted assets:							
Total cash and investment assets - December 31	<u>\$ -</u>	<u>\$ 19,419</u>	<u>\$ 58,936</u>	<u>\$ 347,918</u>	<u>\$ 25,429</u>	<u>\$ 132</u>	<u>\$ 6,705</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Public safety	\$ -	\$ -	\$ 58,936	\$ -	\$ -	\$ 132	\$ -
Highways and streets	-	-	-	347,918	25,429	-	6,705
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	19,419	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ -</u>	<u>\$ 19,419</u>	<u>\$ 58,936</u>	<u>\$ 347,918</u>	<u>\$ 25,429</u>	<u>\$ 132</u>	<u>\$ 6,705</u>

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

	Cumulative Bridge	County Health	Health Tobacco Settlement	Health Bioterrorism	Health Department Komen Grant	Needy Meds Program	Safe Kids
<b>Receipts:</b>							
Taxes	\$ 389,042	\$ 456,395	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Intergovernmental	129,743	56,177	25,776	33,742	-	-	3,600
Charges for services	-	78,552	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	138	177	6,664	260
<b>Total receipts</b>	<b>518,785</b>	<b>591,124</b>	<b>25,776</b>	<b>33,880</b>	<b>177</b>	<b>6,664</b>	<b>3,860</b>
<b>Disbursements:</b>							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	111,871	-	-	-	-	-	-
Health and welfare	-	566,156	39,415	41,427	7,805	5,933	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
<b>Debt service:</b>							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>Capital outlay:</b>							
General government	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>111,871</b>	<b>566,156</b>	<b>39,415</b>	<b>41,427</b>	<b>7,805</b>	<b>5,933</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>406,914</b>	<b>24,968</b>	<b>(13,639)</b>	<b>(7,547)</b>	<b>(7,628)</b>	<b>731</b>	<b>3,860</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>406,914</b>	<b>24,968</b>	<b>(13,639)</b>	<b>(7,547)</b>	<b>(7,628)</b>	<b>731</b>	<b>3,860</b>
<b>Cash and investment fund balance - beginning</b>	<b>666,092</b>	<b>60,578</b>	<b>43,001</b>	<b>15,023</b>	<b>7,628</b>	<b>-</b>	<b>-</b>
<b>Cash and investment fund balance - ending</b>	<b>\$ 1,073,006</b>	<b>\$ 85,546</b>	<b>\$ 29,362</b>	<b>\$ 7,476</b>	<b>\$ -</b>	<b>\$ 731</b>	<b>\$ 3,860</b>
<b>Cash and Investment Assets - December 31</b>							
<b>Restricted assets:</b>							
<b>Total cash and investment assets - December 31</b>	<b>\$ 1,073,006</b>	<b>\$ 85,546</b>	<b>\$ 29,362</b>	<b>\$ 7,476</b>	<b>\$ -</b>	<b>\$ 731</b>	<b>\$ 3,860</b>
<b>Cash and Investment Fund Balance - December 31</b>							
<b>Restricted for:</b>							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	1,073,006	-	-	-	-	-	-
Health and welfare	-	85,546	29,362	7,476	-	731	3,860
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 1,073,006</b>	<b>\$ 85,546</b>	<b>\$ 29,362</b>	<b>\$ 7,476</b>	<b>\$ -</b>	<b>\$ 731</b>	<b>\$ 3,860</b>

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

	Local Health Maintenance	Health Department Donations	Welfare CPRT	Welfare Emergency Loans	Prosecutor Title IV-D	Clerk Incentive	General Drain Improvement
Receipts:							
Taxes	\$ -	\$ -	\$ 194,223	\$ 460,198	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	17,618
Intergovernmental	33,139	-	24,407	65,014	-	18,588	-
Charges for services	30,004	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	3,040	6,540	-	56	-	-	-
<b>Total receipts</b>	<b>66,183</b>	<b>6,540</b>	<b>218,630</b>	<b>525,268</b>	<b>-</b>	<b>18,588</b>	<b>17,618</b>
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	67,558	5,934	126,882	603,310	631	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	23,201
<b>Total disbursements</b>	<b>67,558</b>	<b>5,934</b>	<b>126,882</b>	<b>603,310</b>	<b>631</b>	<b>-</b>	<b>23,201</b>
Excess (deficiency) of receipts over disbursements	(1,375)	606	91,748	(78,042)	(631)	18,588	(5,583)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,375)	606	91,748	(78,042)	(631)	18,588	(5,583)
Cash and investment fund balance - beginning	24,605	561	390,868	143,100	26,403	81,124	142,132
Cash and investment fund balance - ending	<u>\$ 23,230</u>	<u>\$ 1,167</u>	<u>\$ 482,616</u>	<u>\$ 65,058</u>	<u>\$ 25,772</u>	<u>\$ 99,712</u>	<u>\$ 136,549</u>
<b>Cash and Investment Assets - December 31</b>							
Restricted assets:							
Total cash and investment assets - December 31	<u>\$ 23,230</u>	<u>\$ 1,167</u>	<u>\$ 482,616</u>	<u>\$ 65,058</u>	<u>\$ 25,772</u>	<u>\$ 99,712</u>	<u>\$ 136,549</u>
<b>Cash and Investment Fund Balance - December 31</b>							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-	-
Health and welfare	23,230	1,167	482,616	65,058	25,772	99,712	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	136,549
<b>Total cash and investment fund balance - December 31</b>	<b><u>\$ 23,230</u></b>	<b><u>\$ 1,167</u></b>	<b><u>\$ 482,616</u></b>	<b><u>\$ 65,058</u></b>	<b><u>\$ 25,772</u></b>	<b><u>\$ 99,712</u></b>	<b><u>\$ 136,549</u></b>

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

	Drainage Maintenance	Sheriff's Critical Care Unit	Accident Report	Haz-Mat (Local Donations)	Haz-Mat Response Team Grant	County Drug Free Community	County User Fees
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	156,260	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	1,233,383	2,179	1,971	-	-	-
Fines and forfeits	-	-	-	-	-	54,518	1,835
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>156,260</b>	<b>1,233,383</b>	<b>2,179</b>	<b>1,971</b>	<b>-</b>	<b>54,518</b>	<b>1,835</b>
<b>Disbursements:</b>							
General government	-	-	-	-	-	-	-
Public safety	-	1,104,773	2,403	903	-	56,394	3
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Special assessments	107,357	-	-	-	-	-	-
<b>Total disbursements</b>	<b>107,357</b>	<b>1,104,773</b>	<b>2,403</b>	<b>903</b>	<b>-</b>	<b>56,394</b>	<b>3</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>48,903</b>	<b>128,610</b>	<b>(224)</b>	<b>1,068</b>	<b>-</b>	<b>(1,876)</b>	<b>1,832</b>
<b>Other financing sources (uses):</b>							
Transfers in	400,000	-	-	-	-	-	-
Transfers out	(400,000)	(18,000)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(18,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>48,903</b>	<b>110,610</b>	<b>(224)</b>	<b>1,068</b>	<b>-</b>	<b>(1,876)</b>	<b>1,832</b>
<b>Cash and investment fund balance - beginning</b>	<b>484,760</b>	<b>75,061</b>	<b>1,076</b>	<b>2,480</b>	<b>105</b>	<b>55,332</b>	<b>342</b>
<b>Cash and investment fund balance - ending</b>	<b>\$ 533,663</b>	<b>\$ 185,671</b>	<b>\$ 852</b>	<b>\$ 3,548</b>	<b>\$ 105</b>	<b>\$ 53,456</b>	<b>\$ 2,174</b>
<b>Cash and Investment Assets - December 31</b>							
<b>Restricted assets:</b>							
<b>Total cash and investment assets - December 31</b>	<b>\$ 533,663</b>	<b>\$ 185,671</b>	<b>\$ 852</b>	<b>\$ 3,548</b>	<b>\$ 105</b>	<b>\$ 53,456</b>	<b>\$ 2,174</b>
<b>Cash and Investment Fund Balance - December 31</b>							
<b>Restricted for:</b>							
Public safety	\$ -	\$ 185,671	\$ 852	\$ 3,548	\$ 105	\$ 53,456	\$ 2,174
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	533,663	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 533,663</b>	<b>\$ 185,671</b>	<b>\$ 852</b>	<b>\$ 3,548</b>	<b>\$ 105</b>	<b>\$ 53,456</b>	<b>\$ 2,174</b>

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

	Law Enforcement Continuing Education	Enhanced 911	Medical Care for Inmates	E-911 Bond	Emergency Planning and Right to Know	Memorial Park	Golf Course General
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 511,707	\$ -
Special assessments	-	-	-	-	-	-	-
Intergovernmental	1,478	136,229	-	-	5,216	20,198	-
Charges for services	-	699,097	2,965	-	-	28,031	268,607
Fines and forfeits	4,212	-	-	-	-	-	-
Other	-	2,952	-	-	-	-	-
<b>Total receipts</b>	<b>5,690</b>	<b>838,278</b>	<b>2,965</b>	<b>-</b>	<b>5,216</b>	<b>559,936</b>	<b>268,607</b>
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	11,560	761,999	-	-	3,304	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	547,306	251,283
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>11,560</b>	<b>761,999</b>	<b>-</b>	<b>-</b>	<b>3,304</b>	<b>547,306</b>	<b>251,283</b>
Excess (deficiency) of receipts over disbursements	(5,870)	76,279	2,965	-	1,912	12,630	17,324
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,870)	76,279	2,965	-	1,912	12,630	17,324
Cash and investment fund balance - beginning	10,961	84,675	875	2,976	13,872	97,998	92,993
Cash and investment fund balance - ending	<u>\$ 5,091</u>	<u>\$ 160,954</u>	<u>\$ 3,840</u>	<u>\$ 2,976</u>	<u>\$ 15,784</u>	<u>\$ 110,628</u>	<u>\$ 110,317</u>
<b>Cash and Investment Assets - December 31</b>							
Restricted assets:							
Total cash and investment assets - December 31	<u>\$ 5,091</u>	<u>\$ 160,954</u>	<u>\$ 3,840</u>	<u>\$ 2,976</u>	<u>\$ 15,784</u>	<u>\$ 110,628</u>	<u>\$ 110,317</u>
<b>Cash and Investment Fund Balance - December 31</b>							
Restricted for:							
Public safety	\$ 5,091	\$ 160,954	\$ 3,840	\$ 2,976	\$ 15,784	\$ -	\$ -
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	110,628	110,317
Economic development	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<b><u>\$ 5,091</u></b>	<b><u>\$ 160,954</u></b>	<b><u>\$ 3,840</u></b>	<b><u>\$ 2,976</u></b>	<b><u>\$ 15,784</u></b>	<b><u>\$ 110,628</u></b>	<b><u>\$ 110,317</u></b>

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

	Park Donation	Safe at Home	Alternative Dispute Resolution- CC	Alternative Dispute Resolution- Supplemental	Child Advocacy	Airport Projects	Housing Authority
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Intergovernmental	-	22,668	-	-	-	11,500	5,000
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	3,260	3,000	100	-	-
Other	4,410	-	-	-	-	-	-
<b>Total receipts</b>	<b>4,410</b>	<b>22,668</b>	<b>3,260</b>	<b>3,000</b>	<b>100</b>	<b>11,500</b>	<b>5,000</b>
<b>Disbursements:</b>							
General government	-	-	-	-	-	28,500	-
Public safety	-	22,668	2,179	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	6,027	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	5,000
<b>Debt service:</b>							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>Capital outlay:</b>							
General government	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>6,027</b>	<b>22,668</b>	<b>2,179</b>	<b>-</b>	<b>-</b>	<b>28,500</b>	<b>5,000</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(1,617)</b>	<b>-</b>	<b>1,081</b>	<b>3,000</b>	<b>100</b>	<b>(17,000)</b>	<b>-</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(1,617)</b>	<b>-</b>	<b>1,081</b>	<b>3,000</b>	<b>100</b>	<b>(17,000)</b>	<b>-</b>
<b>Cash and investment fund balance - beginning</b>	<b>3,865</b>	<b>4,734</b>	<b>5,946</b>	<b>4,913</b>	<b>750</b>	<b>17,000</b>	<b>-</b>
<b>Cash and investment fund balance - ending</b>	<b>\$ 2,248</b>	<b>\$ 4,734</b>	<b>\$ 7,027</b>	<b>\$ 7,913</b>	<b>\$ 850</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash and Investment Assets - December 31</b>							
<b>Restricted assets:</b>							
<b>Total cash and investment assets - December 31</b>	<b>\$ 2,248</b>	<b>\$ 4,734</b>	<b>\$ 7,027</b>	<b>\$ 7,913</b>	<b>\$ 850</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - December 31</b>							
<b>Restricted for:</b>							
Public safety	\$ -	\$ 4,734	\$ 7,027	\$ 7,913	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	850	-	-
Culture and recreation	2,248	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 2,248</b>	<b>\$ 4,734</b>	<b>\$ 7,027</b>	<b>\$ 7,913</b>	<b>\$ 850</b>	<b>\$ -</b>	<b>\$ -</b>

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

	Housing Grant	Cumulative Capital Development	Firearms Training	Youth Incentive Grant	Just Us for Girls Grant	Drug Task Force Forfeiture	Probation Incentive Grant
Receipts:							
Taxes	\$ -	\$ 296,899	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Intergovernmental	225,000	36,610	-	-	-	-	-
Charges for services	-	-	13,190	-	-	-	-
Fines and forfeits	-	-	-	-	-	17,169	-
Other	-	143	-	-	-	-	-
<b>Total receipts</b>	<b>225,000</b>	<b>333,652</b>	<b>13,190</b>	<b>-</b>	<b>-</b>	<b>17,169</b>	<b>-</b>
Disbursements:							
General government	-	-	-	-	12,473	-	-
Public safety	-	-	3,937	-	-	1,648	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	225,000	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	337,628	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>225,000</b>	<b>337,628</b>	<b>3,937</b>	<b>-</b>	<b>12,473</b>	<b>1,648</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	-	(3,976)	9,253	-	(12,473)	15,521	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(3,976)	9,253	-	(12,473)	15,521	-
Cash and investment fund balance - beginning	-	67,245	3,170	347	20,830	8,827	1,583
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 63,269</u>	<u>\$ 12,423</u>	<u>\$ 347</u>	<u>\$ 8,357</u>	<u>\$ 24,348</u>	<u>\$ 1,583</u>
<b>Cash and Investment Assets - December 31</b>							
Restricted assets:							
Total cash and investment assets - December 31	<u>\$ -</u>	<u>\$ 63,269</u>	<u>\$ 12,423</u>	<u>\$ 347</u>	<u>\$ 8,357</u>	<u>\$ 24,348</u>	<u>\$ 1,583</u>
<b>Cash and Investment Fund Balance - December 31</b>							
Restricted for:							
Public safety	\$ -	\$ -	\$ 12,423	\$ 347	\$ -	\$ 24,348	\$ 1,583
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	-	63,269	-	-	8,357	-	-
<b>Total cash and investment fund balance - December 31</b>	<u>\$ -</u>	<u>\$ 63,269</u>	<u>\$ 12,423</u>	<u>\$ 347</u>	<u>\$ 8,357</u>	<u>\$ 24,348</u>	<u>\$ 1,583</u>

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

	Federal IV-D Distribution	Family Court Project	Family Court Grant	Young Women PRG/Just Us	Drug Task Force Grant	CDBG Program	LEP Sub- Grant
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Intergovernmental	16,748	30,000	-	-	202,509	150,000	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	10,000	6,433	-	-
<b>Total receipts</b>	<b>16,748</b>	<b>30,000</b>	<b>-</b>	<b>10,000</b>	<b>208,942</b>	<b>150,000</b>	<b>-</b>
Disbursements:							
General government	-	-	-	3,532	-	-	-
Public safety	-	-	-	-	211,622	172,500	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	16,748	21,628	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>16,748</b>	<b>21,628</b>	<b>-</b>	<b>3,532</b>	<b>211,622</b>	<b>172,500</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	-	8,372	-	6,468	(2,680)	(22,500)	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	8,372	-	6,468	(2,680)	(22,500)	-
Cash and investment fund balance - beginning	-	10,965	1,150	-	70,625	22,500	69
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 19,337</u>	<u>\$ 1,150</u>	<u>\$ 6,468</u>	<u>\$ 67,945</u>	<u>\$ -</u>	<u>\$ 69</u>
<b>Cash and Investment Assets - December 31</b>							
Restricted assets:							
Total cash and investment assets - December 31	<u>\$ -</u>	<u>\$ 19,337</u>	<u>\$ 1,150</u>	<u>\$ 6,468</u>	<u>\$ 67,945</u>	<u>\$ -</u>	<u>\$ 69</u>
<b>Cash and Investment Fund Balance - December 31</b>							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	19,337	1,150	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	-	-	-	6,468	67,945	-	-
<b>Total cash and investment fund balance - December 31</b>	<b><u>\$ -</u></b>	<b><u>\$ 19,337</u></b>	<b><u>\$ 1,150</u></b>	<b><u>\$ 6,468</u></b>	<b><u>\$ 67,945</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 69</u></b>

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

	Responder Equipment Sub-Grant	SHSG- Homeland Security	EMA/ Hoosier Safety Grant	EMA Border Grant	Juvenile Programs Probation Grant	Alcohol and Drug Services	Sheriff's Commissary
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Intergovernmental	-	943	-	230,325	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	23,041	-
Other	-	-	-	-	488	2,750	254,917
<b>Total receipts</b>	<b>-</b>	<b>943</b>	<b>-</b>	<b>230,325</b>	<b>488</b>	<b>25,791</b>	<b>254,917</b>
<b>Disbursements:</b>							
General government	-	-	-	-	-	-	-
Public safety	-	3,511	1,700	230,325	-	25,791	242,285
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>3,511</b>	<b>1,700</b>	<b>230,325</b>	<b>-</b>	<b>25,791</b>	<b>242,285</b>
Excess (deficiency) of receipts over disbursements	-	(2,568)	(1,700)	-	488	-	12,632
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(2,568)	(1,700)	-	488	-	12,632
Cash and investment fund balance - beginning	136	2,598	1,700	-	4,671	-	30,624
Cash and investment fund balance - ending	<u>\$ 136</u>	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,159</u>	<u>\$ -</u>	<u>\$ 43,256</u>
<b>Cash and Investment Assets - December 31</b>							
<b>Restricted assets:</b>							
Total cash and investment assets - December 31	<u>\$ 136</u>	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,159</u>	<u>\$ -</u>	<u>\$ 43,256</u>
<b>Cash and Investment Fund Balance - December 31</b>							
<b>Restricted for:</b>							
Public safety	\$ 136	\$ 30	\$ -	\$ -	\$ 5,159	\$ -	\$ 43,256
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<u>\$ 136</u>	<u>\$ 30</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,159</u>	<u>\$ -</u>	<u>\$ 43,256</u>

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

	Drug Task Force Cash	Convention and Tourism	Redevelopment Commission Administration	Redevelopment Commission Debt Service	Redevelopment Commission Capital Projects	Totals
Receipts:						
Taxes	\$ -	\$ 125,409	\$ -	\$ 106,112	\$ 218,004	\$ 3,686,952
Special assessments	-	-	-	-	-	173,878
Intergovernmental	-	-	-	-	-	6,984,409
Charges for services	-	-	17,990	-	-	4,920,947
Fines and forfeits	-	-	-	-	-	200,253
Other	10,004	176	6,544	6,932	13,152	451,319
Total receipts	<u>10,004</u>	<u>125,585</u>	<u>24,534</u>	<u>113,044</u>	<u>231,156</u>	<u>16,417,758</u>
Disbursements:						
General government	-	-	7,165	4,033	-	562,253
Public safety	8,787	-	-	-	-	5,819,413
Highways and streets	-	-	-	-	-	4,842,707
Health and welfare	-	-	-	-	-	1,503,427
Culture and recreation	-	109,202	-	-	-	1,039,227
Urban redevelopment and housing	-	-	-	-	-	230,000
Debt service:						
Principal	-	-	-	75,000	-	195,000
Interest	-	-	1,650	116,795	10,010	836,455
Capital outlay:						
General government	-	-	158,000	75,633	-	571,261
Special assessments	-	-	-	-	-	130,558
Total disbursements	<u>8,787</u>	<u>109,202</u>	<u>166,815</u>	<u>271,461</u>	<u>10,010</u>	<u>15,730,301</u>
Excess (deficiency) of receipts over disbursements	<u>1,217</u>	<u>16,383</u>	<u>(142,281)</u>	<u>(158,417)</u>	<u>221,146</u>	<u>687,457</u>
Other financing sources (uses):						
Transfers in	-	-	119,500	342,721	-	1,329,043
Transfers out	-	-	-	(119,500)	(342,721)	(1,333,924)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>119,500</u>	<u>223,221</u>	<u>(342,721)</u>	<u>(4,881)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,217	16,383	(22,781)	64,804	(121,575)	682,576
Cash and investment fund balance - beginning	<u>2,780</u>	<u>45,518</u>	<u>166,503</u>	<u>113,581</u>	<u>275,823</u>	<u>5,786,635</u>
Cash and investment fund balance - ending	<u>\$ 3,997</u>	<u>\$ 61,901</u>	<u>\$ 143,722</u>	<u>\$ 178,385</u>	<u>\$ 154,248</u>	<u>\$ 6,469,211</u>
<b>Cash and Investment Assets - December 31</b>						
Restricted assets:						
Total cash and investment assets - December 31	<u>\$ 3,997</u>	<u>\$ 61,901</u>	<u>\$ 143,722</u>	<u>\$ 178,385</u>	<u>\$ 154,248</u>	<u>\$ 6,469,211</u>
<b>Cash and Investment Fund Balance - December 31</b>						
Restricted for:						
Public safety	\$ 3,997	\$ -	\$ -	\$ -	\$ -	\$ 2,027,804
Highways and streets	-	-	-	-	-	1,453,058
Health and welfare	-	-	-	-	-	845,867
Culture and recreation	-	61,901	-	-	-	304,513
Economic development	-	-	143,722	-	154,248	297,970
Debt service	-	-	-	178,385	-	224,281
Other purposes	-	-	-	-	-	1,315,718
Total cash and investment fund balance - December 31	<u>\$ 3,997</u>	<u>\$ 61,901</u>	<u>\$ 143,722</u>	<u>\$ 178,385</u>	<u>\$ 154,248</u>	<u>\$ 6,469,211</u>

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

	<u>Wheel Tax</u>	<u>Food and Beverage Tax</u>	<u>Surplus Tax</u>	<u>Surplus Dog</u>	<u>Tax Sale Redemption</u>	<u>Tax Sale Surplus</u>	<u>Surtax</u>
Additions:							
Agency fund additions	<u>\$ 90,315</u>	<u>\$ 458,929</u>	<u>\$ 78,475</u>	<u>\$ 4,780</u>	<u>\$ 399,029</u>	<u>\$ 684,067</u>	<u>\$ 1,061,489</u>
Deductions:							
Agency fund deductions	<u>90,315</u>	<u>458,929</u>	<u>134,849</u>	<u>4,780</u>	<u>397,596</u>	<u>962,822</u>	<u>1,061,489</u>
Excess (deficiency) of total additions over total deductions	-	-	(56,374)	-	1,433	(278,755)	-
Cash and investment fund balance - beginning	<u>-</u>	<u>-</u>	<u>262,332</u>	<u>-</u>	<u>9,167</u>	<u>841,605</u>	<u>-</u>
Cash and investment fund balance - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 205,958</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 10,600</u></u>	<u><u>\$ 562,850</u></u>	<u><u>\$ -</u></u>

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

	County Payroll	Retirement- Under 65	Medicare Supplemental Retirement	City and Town Court Costs	Welfare Trust	Tax Distributions	Congressional Interest
Additions:							
Agency fund additions	\$ 7,874,012	\$ 8,128	\$ 24,174	\$ 9,942	\$ 15,541	\$ 51,064,045	\$ 1,719
Deductions:							
Agency fund deductions	7,866,178	8,409	23,218	9,942	3,339	51,054,319	1,755
Excess (deficiency) of total additions over total deductions	7,834	(281)	956	-	12,202	9,726	(36)
Cash and investment fund balance - beginning	195,582	547	3,978	-	21,078	1,477	18,880
Cash and investment fund balance - ending	<u>\$ 203,416</u>	<u>\$ 266</u>	<u>\$ 4,934</u>	<u>\$ -</u>	<u>\$ 33,280</u>	<u>\$ 11,203</u>	<u>\$ 18,844</u>

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

	Common School Trust	Inheritance Tax	State Fines and Forfeitures	County Health	County Sheriff	Clerk of the Circuit Court	County Probation
Additions:							
Agency fund additions	\$ -	\$ 1,309,858	\$ 53,046	\$ 99,301	\$ 829,943	\$ 5,740,801	\$ 99,523
Deductions:							
Agency fund deductions	-	1,225,996	53,399	99,301	829,943	5,688,439	98,088
Excess (deficiency) of total additions over total deductions	-	83,862	(353)	-	-	52,362	1,435
Cash and investment fund balance - beginning	1,064	200,432	10,569	50	127	663,356	7,122
Cash and investment fund balance - ending	<u>\$ 1,064</u>	<u>\$ 284,294</u>	<u>\$ 10,216</u>	<u>\$ 50</u>	<u>\$ 127</u>	<u>\$ 715,718</u>	<u>\$ 8,557</u>

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

	Memorial Park	Golf Course	County Recorder	County Treasurer	Inmate Trust	Totals
Additions:						
Agency fund additions	\$ 27,052	\$ 270,607	\$ 214,079	\$ 55,523,248	\$ 1,042,903	\$ 126,985,006
Deductions:						
Agency fund deductions	27,052	268,607	213,179	55,966,114	1,037,810	127,585,868
Excess (deficiency) of total additions over total deductions	-	2,000	900	(442,866)	5,093	(600,862)
Cash and investment fund balance - beginning	50	1	16,549	868,908	20,487	3,143,361
Cash and investment fund balance - ending	\$ 50	\$ 2,001	\$ 17,449	\$ 426,042	\$ 25,580	\$ 2,542,499

HENRY 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	\$ 267,200
Infrastructure	34,917,323
Buildings	24,735,049
Improvements other than buildings	140,821
Machinery and equipment	<u>12,019,240</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 72,079,633</u>

HENRY COUNTY  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2006

Description of Asset	Ending Balance	Due Within One Year (Includes Interest)
Governmental Activities:		
Capital leases:		
Government Center Building	\$ 14,710,000	\$ 1,382,000
Youth Center	305,000	314,684
Nine Automobiles	11,368	11,451
Three Ambulances	59,616	33,831
Highway Truck	70,510	33,769
Jail Renovation	261,185	72,432
TS Tech Bond Anticipation Note Payable	-	37,209
		See note below
Bonds payable:		
General obligation bonds:		
Family and Children 2003	62,000	63,395
Family and Children 2004	1,127,000	611,570
Revenue bonds:		
E-911	948,000	183,660
Food and Beverage 2001	1,340,000	79,165
Refinance of Industrial Park	470,000	84,050
Draper/Smith	480,000	51,685
Land for Industrial Park	1,100,000	74,250
Food and Beverage 2004	835,000	466,989
Total governmental activities long-term debt	<u>\$ 21,779,679</u>	<u>\$ 3,500,140</u>

Note:

This is interest due during 2007 on a \$3,200,000 Bond Anticipation Note issued 4/30/2007

HENRY COUNTY  
OTHER REPORTS

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

Board of County Commissioners  
County Council  
County Auditor  
Prosecuting Attorney  
Redevelopment Commission  
County Sheriff

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF HENRY COUNTY, INDIANA

### Compliance

We have audited the compliance of the Henry County (County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 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 non-compliance 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.

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

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

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 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. We consider the deficiency in internal control over compliance described in item 2006-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

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. We did not consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness.

The County's response to the findings identified in our audit are described in the accompanying Official Response section of the report. 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 and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

September 26, 2007

HENRY 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
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
Pass-Through Indiana Department of Education Child Nutrition Cluster	10.555		\$ 19,705
School Breakfast Program			27,210
National School Lunch Program			46,915
Total for cluster			55,436
Child and Adult Care Food Program	10.558		8,521
Total for federal grantor agency			55,436
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
Pass-Through Indiana Housing and Community Development Authority Community Development Block Grant	14.228		5,000
		PN-004-013	225,000
		HD-005-002	150,000
		RDAF-05-016	380,000
Total for federal grantor agency			380,000
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
Pass-Through Indiana Criminal Justice Institute Crime Act Victim Assistance	16.575		22,668
		05-VA-154	22,668
Byrne Formula Grant	16.579		89,972
		04-DB-050	23,980
		05-DJ-074	113,952
Total for program			136,620
Total for federal grantor agency			136,620
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
Pass-Through Indiana Department of Transportation Highway Planning and Construction	20.205		3,144
		BR-9933-41	35,171
		BRF-9933-42	196,166
		STP-7433-000	234,481
Total for program			234,481
State and Community Highway Safety	20.600		9,895
		OP-06-02-03-58	9,895
Alcohol Traffic Safety and Drunk Driving Prevention	20.601		7,690
		OP-05-02-03-66	7,690
Total for federal grantor agency			252,066
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
Pass-Through Indiana Department of Health Centers for Disease Control and Prevention	93.283		41,428
		BPRS-132-6	41,428
Pass-Through Indiana Department of Child Services Child Support Enforcement	93.563		159,381
Prosecuting Attorney's Expenditures			92,052
Circuit Court Clerk's Expenditures			44,738
Indirect Costs			296,171
Total for program			296,171
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>			
Pass-Through Indiana Department of Homeland Security State Emergency Preparedness Equipment	97.004		2,568
State Homeland Security Program			13,000
Disaster Preparedness Improvement Program			213,608
Law Enforcement Terrorism Prevention		ODP-05-LETPP	213,608
Total for program			229,176
Homeland Security Grant Program	97.067		16,717
		ODP-05-SHSP	16,717
Total federal awards expended			\$ 1,407,614

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

HENRY COUNTY  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

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

HENRY COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Qualified

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

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:  
 Material weaknesses identified? no  
 Reportable conditions identified that are not considered to be material weaknesses? yes

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

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.228	Community Development Block Grant
93.563	Child Support Enforcement
97.004	State Emergency Preparedness

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

HENRY COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Section III – Federal Award Findings and Questioned Costs

Finding 2006-1, Inaccurate Support Obligation Balances

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

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

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

45 CFR 303.6 states in part:

". . . the IV-D agency must maintain and use an effective system for:

- (a) Monitoring compliance with the support obligation;
- (b) identifying on the date the parent fails to make payments in an amount equal to the support payable . . ."

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

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

**HENRY COUNTY PROSECUTOR'S OFFICE - CHILD SUPPORT DIVISION**

JUSTICE CENTER, SUITE 270

1215 RACE STREET

NEW CASTLE, INDIANA 47362

TELEPHONE: 765 829-7865

TELECOPIER: 765 521-7087

**KIT C. DEAN CRANE**  
PROSECUTOR  
53RD JUDICIAL CIRCUIT

**MELINDA BUNDY**  
DEPUTY PROSECUTOR



State Board of Accounts  
Attn: Kim Wesley, Field Examiner

April 5<sup>th</sup>, 2007

Re: REFERENCE 2005-1  
CFDA # 93.563

Dear Ms. Wesley:

Please reference our proposed corrective plan submitted July 28<sup>th</sup>, 2006, to the State Board of Accounts. Throughout the past year, we have continued to audit and review ISETS cases and update arrearage accounts. We have maintained a list of reviewed cases and made progress in closing accounts that no longer require our services. We hope to increase our efficiency in maintaining correct balances for accounts that continue to require our assistance with collections.

Thank you for the opportunity to give you an update on our progress this year. We will be happy to complete the next scheduled audit when the list is provided to our office. Please contact our office with any questions you may have about this letter.

Sincerely,

  
Kit C. Dean Crane  
Henry County Prosecutor



# Henry County Emergency Management Agency

107 S. 12<sup>th</sup> Street  
New Castle, Indiana, 47362  
765-521-0582 Office, 765-521-3657 FAX

## SUMMARY SCHEDULE OF AUDIT FINDINGS

### Finding Number 2005-2, Cash Management

Original SBA Audit Report Number: B28805

Fiscal Year: 2005

Auditee Contact Person: Ronald D. Huffman

Title of Contact Person: Director

Phone Number: (765) 524-4848

Status of Finding: In Compliance

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

#### Response:

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

#### Corrective Action:

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

### **Summary 03-15-2007**

All invoices are submitted to the Henry County Auditors office in the billing cycle that the funds are received from the state.

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

#### Response:

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

#### Corrective Action:

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

***Are you READY?***

Director: Ron Huffman



# Henry County Emergency Management Agency

107 S. 12<sup>th</sup> Street  
New Castle, Indiana, 47362  
765-521-0582 Office, 765-521-3657 FAX

## Summary 03-15-2007

All invoices are submitted to the Henry County Auditors office in the billing cycle that the funds are received from the state.

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

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

### Response:

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

### Corrective Action:

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

## Summary 03-15-2007

I am unaware of the Henry County Auditors office processes to accomplish this task.

### Finding Number 2005-3, Reporting Deficiencies

Original SBA Audit Report Number: B28805

Fiscal Year: 2005

Auditee Contact Person: Ronald D. Huffman

Title of Contact Person: Director

Phone Number: (765) 524-4848

Status of Finding: In Compliance

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

### Response:

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

### Corrective Action:

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

***Are you READY?***

Director: Ron Huffman



# Henry County Emergency Management Agency

107 S. 12<sup>th</sup> Street  
New Castle, Indiana, 47362  
765-521-0582 Office, 765-521-3657 FAX

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

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

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

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

## Summary 03-15-2007

All invoices are submitted to the Office of Grants and Training at <https://www.reporting.odp.dhs.gov/> website for approval and copies are faxed to IDHS.

## Finding Number 2005-4, Excluded Parties

Original SBA Audit Report Number: B28805

Fiscal Year: 2005

Auditee Contact Person: Ronald D. Huffman

Title of Contact Person: Director

Phone Number: (765) 524-4848

Status of Finding: In Compliance

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

### Response:

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

### Corrective Action:

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

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

**Are you READY?**

Director: Ron Huffman



# Henry County Emergency Management Agency

107 S. 12<sup>th</sup> Street  
New Castle, Indiana, 47362  
765-521-0582 Office, 765-521-3657 FAX

Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transactions with that entity."

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

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

### Summary 03-15-2007

All agencies are verified on the Excluded Parties List at <http://www.epls.gov/> before any purchases are made.

Ronald D. Huffman  
Director

8/30/07  
Date

Henry County Emergency Management Agency/Department of Homeland Security

**Are you READY?**

Director: Ron Huffman

**HENRY COUNTY PROSECUTOR'S OFFICE - CHILD SUPPORT DIVISION**

JUSTICE CENTER, SUITE 270

1215 RACE STREET

NEW CASTLE, INDIANA 47362

TELEPHONE: 765 529-7565

TELECOPIER: 765 521-7087

**KIT C. DEAN CRANE**  
PROSECUTOR  
53RD JUDICIAL CIRCUIT

**MELINDA BUNDY**  
DEPUTY PROSECUTOR



State Board of Accounts  
ATTN: Mr. Bruce Hartman  
Audit and Accounting Operations  
302 West Washington Street  
4<sup>th</sup> Floor, Room E418  
Indianapolis IN 46204

Dear Mr. Hartman:

Re: REFERENCE 2006-1  
CDFA # 93.563

I appreciated the opportunity on August 8<sup>th</sup>, to meet with Kim Wesley to discuss your agency's findings with respect to the Indiana Support Enforcement Tracking System (ISETS) and the review of my Child Support Office.

I was pleased to find that our error rate has again improved this year from the 2005 audit percentage of 35% to 25% after this year's audit. I am confident that the audit results will be even better next year.

However, if next years audit should result in a finding, we would be more that willing to audit a larger percentage of cases, unless of course, the Federal government believes this would create a higher risk for another finding.

As always, I appreciate the opportunity to have met with Kim and the opportunity to respond in writing to the Schedule of Findings and Questioned Costs. I remain

Respectfully yours,

A handwritten signature in black ink, appearing to read "Kit C. Dean Crane".

Kit C. Dean Crane  
Prosecuting Attorney

Cc: Hon. Pat French, Clerk  
Henry Circuit and Superior Courts  
Board of Henry County Commissioners

HENRY COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 26, 2007, with Linda S. Ratcliff, Auditor; Robert L. Veach, President of the County Council; Kim L. Cronk, County Council member; and Philip J. Estridge, President of the County Commissioners. Our report disclosed no material items that warrant comment at this time.