

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

ANNUAL FINANCIAL REPORT

2007

HANCOCK COUNTY, INDIANA



**FILED**

11/19/2008



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Vicki Saunders Linda Grass	01-01-04 to 12-31-07 01-01-08 to 12-31-11
Treasurer	Janice Silvey	01-01-05 to 12-31-08
Clerk	Sharon Burris	01-01-07 to 12-31-10
Sheriff	C.K. Gray	01-01-07 to 12-31-10
Recorder	Sharon Shambaugh	01-01-07 to 12-31-10
President of the Board of County Commissioners	Jack Heiden	01-01-07 to 12-31-08
President of the County Council	William Bolander	01-01-07 to 12-31-08



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

TO: THE OFFICIALS OF HANCOCK COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hancock County (County), as of and for the year ended December 31, 2007, which collectively comprise the County's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

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

In our opinion, except that the omission of the component unit of the County referred to in the preceding paragraph results in incomplete presentation, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2007, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated October 27, 2008, 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. 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

October 27, 2008



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

TO: THE OFFICIALS OF HANCOCK COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hancock County (County), as of and for the year ended December 31, 2007, which collectively comprise the County's basic financial statements and have issued our report thereon dated October 27, 2008. The opinions to the financial statements were qualified due to the omission of a component unit resulting in incomplete presentation. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in items 2007-1 and 2007-2 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

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

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

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

Compliance and Other Matters

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

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

STATE BOARD OF ACCOUNTS

October 27, 2008

HANCOCK COUNTY  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>			<u>Net (Disbursement) Receipt and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government Totals</u>
Primary government:					
Governmental activities:					
General government	\$ 16,709,585	\$ 1,332,016	\$ 26,525	\$ -	\$ (15,351,044)
Public safety	7,198,724	1,337,011	70,747	29,000	(5,761,966)
Highways and streets	6,989,332	15,628	2,891,481	655,306	(3,426,917)
Health and welfare	2,815,761	836,357	-	-	(1,979,404)
Culture and recreation	204,569	-	-	-	(204,569)
Principal and interest on indebtedness	2,358,049	-	-	-	(2,358,049)
 Total primary government	 <u>\$ 36,276,020</u>	 <u>\$ 3,521,012</u>	 <u>\$ 2,988,753</u>	 <u>\$ 684,306</u>	 <u>(29,081,949)</u>
 General receipts:					
Property taxes					8,863,974
Intergovernmental					2,656,407
Other local sources					18,247,165
Net proceeds from borrowings					820,435
Investment earnings					<u>738,222</u>
 Total general receipts					 <u>31,326,203</u>
 Change in net assets					 2,244,254
 Net assets - beginning					 <u>17,178,194</u>
 Net assets - ending					 <u>\$ 19,422,448</u>
 <u>Assets</u>					
Cash and investments					\$ 7,516,139
Restricted assets:					
Cash and investments					<u>11,906,309</u>
 Total assets					 <u>\$ 19,422,448</u>
 <u>Net Assets</u>					
Restricted for:					
General government					\$ 2,420,379
Highways and streets					2,228,269
Health and welfare					1,106,197
Capital outlay					6,148,340
Other purposes					3,124
Unrestricted					<u>7,516,139</u>
 Total net assets					 <u>\$ 19,422,448</u>

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

HANCOCK COUNTY  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2007

	General	Drainage Maintenance	Highway	Cumulative Bridge	Construction	Other Governmental Funds	Totals
<b>Receipts:</b>							
Taxes	\$ 10,706,845	\$ 461,491	\$ 146,929	\$ 1,149,817	\$ -	\$ 2,365,939	\$ 14,831,021
Licenses and permits	255	-	27,375	-	-	546,521	574,151
Intergovernmental	1,136,158	-	4,016,646	155,144	-	1,038,859	6,346,807
Charges for services	1,490,434	-	5,268	-	-	4,562	1,500,264
Fines and forfeits	332,968	-	-	-	-	611,112	944,080
Other	812,253	49,602	184,436	85,692	4,021,910	7,726,494	12,880,387
<b>Total receipts</b>	<b>14,478,913</b>	<b>511,093</b>	<b>4,380,654</b>	<b>1,390,653</b>	<b>4,021,910</b>	<b>12,293,487</b>	<b>37,076,710</b>
<b>Disbursements:</b>							
General government	10,368,643	304,999	-	-	717,117	3,929,850	15,320,609
Public safety	5,930,573	-	-	-	-	902,692	6,833,265
Highways and streets	69,233	-	3,892,491	74,758	-	1,110,944	5,147,426
Health and welfare	-	-	-	-	-	2,812,679	2,812,679
Culture and recreation	-	-	-	-	-	204,569	204,569
<b>Debt service:</b>							
Principal	-	-	-	-	-	1,885,000	1,885,000
Interest	-	-	-	-	-	473,049	473,049
<b>Capital outlay:</b>							
General government	169,503	-	-	-	-	1,076,980	1,246,483
Public safety	350,364	-	-	-	-	15,095	365,459
Highways and streets	1,000	-	485,588	1,355,318	-	-	1,841,906
Health and welfare	-	-	-	-	-	3,082	3,082
<b>Total disbursements</b>	<b>16,889,316</b>	<b>304,999</b>	<b>4,378,079</b>	<b>1,430,076</b>	<b>717,117</b>	<b>12,413,940</b>	<b>36,133,527</b>
Excess (deficiency) of receipts over disbursements	(2,410,403)	206,094	2,575	(39,423)	3,304,793	(120,453)	943,183
<b>Other financing sources (uses):</b>							
Net proceeds from borrowings	820,435	-	-	-	-	-	820,435
Transfers in	195,018	-	-	-	-	67,379	262,397
Transfers out	-	(59,685)	-	-	-	(202,712)	(262,397)
Other receipts	224,333	-	2,731	127,382	-	268,683	623,129
<b>Total other financing sources (uses)</b>	<b>1,239,786</b>	<b>(59,685)</b>	<b>2,731</b>	<b>127,382</b>	<b>-</b>	<b>133,350</b>	<b>1,443,564</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,170,617)	146,409	5,306	87,959	3,304,793	12,897	2,386,747
Cash and investment fund balance - beginning	2,496,013	2,234,628	1,486,010	1,907,962	-	8,907,964	17,032,577
Cash and investment fund balance - ending	\$ 1,325,396	\$ 2,381,037	\$ 1,491,316	\$ 1,995,921	\$ 3,304,793	\$ 8,920,861	19,419,324
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.							
							3,124
Net assets of governmental activities							\$ 19,422,448
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 1,325,396	\$ -	\$ -	\$ -	\$ -	\$ 6,190,743	\$ 7,516,139
<b>Restricted assets:</b>							
Cash and investments	-	2,381,037	1,491,316	1,995,921	3,304,793	2,730,118	11,903,185
<b>Total cash and investment assets - ending</b>	<b>\$ 1,325,396</b>	<b>\$ 2,381,037</b>	<b>\$ 1,491,316</b>	<b>\$ 1,995,921</b>	<b>\$ 3,304,793</b>	<b>\$ 8,920,861</b>	<b>\$ 19,419,324</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
General government	\$ -	\$ 2,381,037	\$ -	\$ -	\$ -	\$ 39,342	\$ 2,420,379
Highways and streets	-	-	1,491,316	-	-	736,953	2,228,269
Health and welfare	-	-	-	-	-	1,106,197	1,106,197
Capital outlay	-	-	-	1,995,921	3,304,793	847,626	6,148,340
Unrestricted	1,325,396	-	-	-	-	6,190,743	7,516,139
<b>Total cash and investment fund balance - ending</b>	<b>\$ 1,325,396</b>	<b>\$ 2,381,037</b>	<b>\$ 1,491,316</b>	<b>\$ 1,995,921</b>	<b>\$ 3,304,793</b>	<b>\$ 8,920,861</b>	<b>\$ 19,419,324</b>

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

HANCOCK COUNTY  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUND  
As of and for the Year Ended December 31, 2007

	Internal Service Fund
Operating receipts:	
Insurance proceeds	\$ 1,250,000
Operating disbursements:	
Insurance disbursements	<u>1,392,493</u>
Deficiency of receipts over disbursements	(142,493)
Cash and investment fund balance - beginning	<u>145,617</u>
Cash and investment fund balance - ending	<u><u>\$ 3,124</u></u>
 <u>Cash and Investment Assets - December 31</u>	
Restricted assets:	
Cash and investments	<u><u>\$ 3,124</u></u>
 <u>Cash and Investment Fund Balance - December 31</u>	
Restricted for:	
Other purposes	<u><u>\$ 3,124</u></u>

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

HANCOCK COUNTY  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2007

	<u>Pension Trust Fund</u>	<u>Private-Purpose Trust Fund</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Plan members	\$ 87,000	\$ -	\$ -
Investment earnings:			
Interest	174,746	-	-
Dividends	<u>206,574</u>	<u>-</u>	<u>-</u>
Total investment earnings	<u>381,320</u>	<u>-</u>	<u>-</u>
Agency fund additions	<u>-</u>	<u>-</u>	<u>205,958,754</u>
Total additions	<u>468,320</u>	<u>-</u>	<u>205,958,754</u>
Deductions:			
Benefits	137,451	-	-
Administrative and general	47,832	-	-
Agency fund deductions	<u>-</u>	<u>-</u>	<u>202,446,580</u>
Total deductions	<u>185,283</u>	<u>-</u>	<u>202,446,580</u>
Excess of total additions over total deductions	283,037	-	3,512,174
Cash and investment fund balance - beginning	<u>4,523,014</u>	<u>10,741</u>	<u>9,139,934</u>
Cash and investment fund balance - ending	<u>\$ 4,806,051</u>	<u>\$ 10,741</u>	<u>\$ 12,652,108</u>

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

HANCOCK COUNTY  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

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

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

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

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

The County reports the following major governmental funds:

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

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

HANCOCK COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The county highway fund accounts for the receipts and disbursements related to the maintenance, repair, construction, and reconstruction of county roads within the County.

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

The construction fund accounts for the financial resources related to the construction of the emergency operations center.

Additionally, the County reports the following fund types:

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

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

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

HANCOCK COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the County in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance).

3. 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.

4. 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.

5. 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.

HANCOCK 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. The County does not have any enterprise funds.

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

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

Government-Wide Financial Statements

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

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

HANCOCK COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2. Primary government and component unit activity and balances – resource flows between the primary government and the discretely-presented component unit are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

II. Stewardship, Compliance, and Accountability

Budgetary Information

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

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 County does not have a deposit policy for custodial credit risk. At December 31, 2007, the County had deposit balances in the amount of \$32,317,803. 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.

HANCOCK COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2. Investments

As of December 31, 2007, the Sheriff's Retirement and Benefit Plan had the following investments:

Investment Type	Sheriff's Retirement and Benefit Pension Plans
U.S. treasuries and securities	\$ 882,848
Government sponsored enterprise	444,364
Common stock	3,606,003
Corporate bonds	613,888
Fixed rate capital securities	36,079
Mutual funds	408,336
Total	\$ 5,991,518

Statutory Authorization for Investments

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,

HANCOCK COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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

Investment Custodial Credit Risk

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

The Sheriff's Merit Board has not adopted an investment policy for custodial credit risk for investments.

The following investments held by the Sheriff's Retirement and Benefit Pension Plans were exposed to custodial credit risks because they are uninsured and unregistered with securities held by the counterparty, or the counterparty's trust department or agent, either in the government's name or not in the government's name:

Sheriff's Retirement and Benefit Pension Plans:

Investment Type	2007 Not in the Government's Name
Common stock	\$ 3,606,003
Corporate bonds	613,888
Fixed rate capital	36,079
Total	\$ 4,255,970

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 County does not have a formal investment policy for interest rate risk for investments.

The Sheriff's Merit Board has not adopted a formal investment policy for interest rate risk.

HANCOCK COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Sheriff's Retirement and Benefit Pension Plans:

Investment Type	Investment Maturities (in Years)		
	Less Than 1	1-2	More Than 2
U.S. treasuries and securities	\$ -	\$ 320,213	\$ 562,635
Government sponsored enterprise	-	142,212	302,152
Common stock	3,606,003	-	-
Corporate bonds	7,018	-	606,870
Fixed rate capital securities	10,251	9,058	16,770
Mutual funds	408,336	-	-
<b>Totals</b>	<b>\$ 4,031,608</b>	<b>\$ 471,483</b>	<b>\$ 1,488,427</b>

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. The County does not have a formal investment policy for credit risk for investments.

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

Sheriff's Retirement and Benefit Pension Plans:

Standard and Poor's Rating	Moody's Rating	Sheriff Pension Plan's Investments			
		Mutual Funds	Corporate Bonds	Government Sponsored Enterprise	Fixed Rate Capital Securities
AAA	Aaa	\$ -	\$ 34,434	\$ 444,364	\$ -
AA	Aa	-	106,254	-	-
A	A	-	302,867	-	5,829
BBB	Baa	-	138,220	-	30,250
BB	Ba	-	12,182	-	-
Unrated	Unrated	408,336	19,931	-	-
<b>Totals</b>		<b>\$ 408,336</b>	<b>\$ 613,888</b>	<b>\$ 444,364</b>	<b>\$ 36,079</b>

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.

HANCOCK COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

Foreign Currency Risk

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

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

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2007, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2007</u>
Drainage Maintenance	Other governmental funds	\$ 59,685
Other governmental funds	General Fund	195,018
Other governmental funds	Other governmental funds	<u>7,694</u>
Total		<u>\$ 262,397</u>

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

IV. Other Information

A. Risk Management

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

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

Medical Benefits to Employees, Retirees, and Dependents (Excluding Postemployment Benefits)

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

HANCOCK COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Job Related Illnesses or Injuries to Employees

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

B. 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.

C. Hospital Debt Obligation

The County and Hancock Regional Hospital (Hospital) entered into a capital lease with the Hancock County Hospital Association (lessor) on April 14, 2004, amended June 22, 2004, for the acquisition, construction, and equipping of certain improvements to the existing County hospital facilities and a new addition thereto. The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the government. Lease rental payments are payable solely from the net revenues of the Hospital and, to the extent the Hospital revenues are insufficient, ad valorem property taxes levied and collected by the County on all taxable property within the geographical boundaries of the County. Lease rental payments are due semiannually June 30, 2006 through December 31, 2030, and total \$62,441,000. This debt is an obligation of the Hospital, and is not a direct liability of the County itself. Accordingly, no liability is presented by the County.

D. 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.

HANCOCK 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.

2. County Police Retirement Plan

Plan Description

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

Funding Policy and Annual Pension Cost

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

3. County Police Benefit Plan

Plan Description

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

Funding Policy and Annual Pension Cost

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

HANCOCK COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Actuarial Information for the Above Plans

	PERF	County Police Retirement Plan	County Police Benefit Plan
Annual required contribution	\$ 442,771	\$ 342,668	\$ 21,511
Interest on net pension obligation	(9,252)	1,093	-
Adjustment to annual required contribution	10,543	(1,687)	-
Annual pension cost	444,062	342,074	21,511
Contributions made	333,746	366,449	21,511
Increase (decrease) in net pension obligation	110,316	(24,375)	-
Net pension obligation, beginning of year	(127,615)	15,609	-
Net pension obligation, end of year	\$ (17,299)	\$ (8,766)	\$ -

	PERF	County Police Retirement Plan	County Police Benefit Plan
Contribution rates:			
County	5.25%	18%	2%
Plan members	3%	6%	0%
Actuarial valuation date	07-01-07	01-01-08	01-01-08
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	30 years	30 years	30 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%

HANCOCK COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-05	\$ 262,945	106%	\$ (180,620)
	06-30-06	364,694	85%	(127,615)
	06-30-07	444,062	75%	(17,299)
County Police Retirement Plan	12-31-05	283,810	100%	18,363
	12-31-06	328,673	101%	15,609
	12-31-07	342,074	107%	(8,766)
County Police Benefit Plan	12-31-05	25,411	100%	-
	12-31-06	27,854	100%	-
	12-31-07	21,551	100%	-

HANCOCK COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-05	\$ 4,453,328	\$ 5,142,277	\$ (688,949)	87%	\$ 6,275,888	(11%)
07-01-06	4,938,269	5,507,838	(569,569)	90%	6,875,337	(8%)
07-01-07	5,642,393	6,256,185	(613,792)	90%	6,631,071	(9%)

County Police Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-03	\$ 3,581,977	\$ 3,581,977	\$ -	100%	\$ 1,461,604	0%
01-01-04	3,974,391	3,974,391	-	100%	1,622,964	0%
01-01-05	4,465,708	4,465,708	-	100%	1,641,232	0%
01-01-06	4,960,370	4,960,370	-	100%	1,750,290	0%
01-01-07	5,585,902	5,585,902	-	100%	1,726,842	0%
01-01-08	6,277,917	7,300,259	(1,022,342)	86%	1,905,895	(54%)

HANCOCK COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2007

	Local Road and Street	Accident Report	Firearms Training	Health	Alcohol and Drug Services	Law Enforcement Continuing Education	Clerk's Records Perpetuation
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	485,288	-	-	-
Intergovernmental	628,303	-	-	-	-	-	-
Charges for services	-	4,562	-	-	-	-	-
Fines and forfeits	-	-	-	-	311,567	-	-
Other	68,900	-	29,196	-	-	6,204	18,594
<b>Total receipts</b>	<b>697,203</b>	<b>4,562</b>	<b>29,196</b>	<b>485,288</b>	<b>311,567</b>	<b>6,204</b>	<b>18,594</b>
<b>Disbursements:</b>							
General government	-	-	-	-	-	-	7,002
Public safety	-	4,715	30,578	-	348,289	6,204	-
Highways and streets	1,110,944	-	-	-	-	-	-
Health and welfare	-	-	-	428,831	-	-	-
Culture and recreation	-	-	-	-	-	-	-
<b>Debt service:</b>							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>Capital outlay:</b>							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	11,367	-	-
Health and welfare	-	-	-	3,082	-	-	-
<b>Total disbursements</b>	<b>1,110,944</b>	<b>4,715</b>	<b>30,578</b>	<b>431,913</b>	<b>359,656</b>	<b>6,204</b>	<b>7,002</b>
Excess (deficiency) of receipts over disbursements	(413,741)	(153)	(1,382)	53,375	(48,089)	-	11,592
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	223,433	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>223,433</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	(190,308)	(153)	(1,382)	53,375	(48,089)	-	11,592
Cash and investment fund balance - beginning	927,261	4,475	17,815	126,451	172,353	663	329
Cash and investment fund balance - ending	\$ 736,953	\$ 4,322	\$ 16,433	\$ 179,826	\$ 124,264	\$ 663	\$ 11,921
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ 4,322	\$ 16,433	\$ -	\$ 124,264	\$ 663	\$ 11,921
<b>Restricted assets:</b>							
Cash and investments	736,953	-	-	179,826	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 736,953</b>	<b>\$ 4,322</b>	<b>\$ 16,433</b>	<b>\$ 179,826</b>	<b>\$ 124,264</b>	<b>\$ 663</b>	<b>\$ 11,921</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	736,953	-	-	-	-	-	-
Health and welfare	-	-	-	179,826	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	-	4,322	16,433	-	124,264	663	11,921
<b>Total cash and investment fund balance - ending</b>	<b>\$ 736,953</b>	<b>\$ 4,322</b>	<b>\$ 16,433</b>	<b>\$ 179,826</b>	<b>\$ 124,264</b>	<b>\$ 663</b>	<b>\$ 11,921</b>

HANCOCK COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2007  
 (Continued)

	Unsafe Building	Drug Free Community	Emergency Planning / Right to Know	Convention and Tourism	Property Reassessment	Juvenile Probation Service	Adult Probation Service
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ 194,428	\$ 233,249	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	31,472	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	87,850	5,801	-	40,164	18,422	170,051
<b>Total receipts</b>	<b>-</b>	<b>87,850</b>	<b>5,801</b>	<b>194,428</b>	<b>304,885</b>	<b>18,422</b>	<b>170,051</b>
<b>Disbursements:</b>							
General government	-	-	-	-	471,459	-	-
Public safety	-	86,107	7,929	-	-	17,059	155,029
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	204,569	-	-	-
<b>Debt service:</b>							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>Capital outlay:</b>							
General government	-	-	-	-	65,687	-	-
Public safety	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>86,107</b>	<b>7,929</b>	<b>204,569</b>	<b>537,146</b>	<b>17,059</b>	<b>155,029</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>-</b>	<b>1,743</b>	<b>(2,128)</b>	<b>(10,141)</b>	<b>(232,261)</b>	<b>1,363</b>	<b>15,022</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
<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>-</b>	<b>1,743</b>	<b>(2,128)</b>	<b>(10,141)</b>	<b>(232,261)</b>	<b>1,363</b>	<b>15,022</b>
<b>Cash and investment fund balance - beginning</b>	<b>2,185</b>	<b>102,401</b>	<b>30,694</b>	<b>20,328</b>	<b>960,822</b>	<b>27,701</b>	<b>111,594</b>
<b>Cash and investment fund balance - ending</b>	<b>\$ 2,185</b>	<b>\$ 104,144</b>	<b>\$ 28,566</b>	<b>\$ 10,187</b>	<b>\$ 728,561</b>	<b>\$ 29,064</b>	<b>\$ 126,616</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 2,185	\$ 104,144	\$ 28,566	\$ 10,187	\$ 728,561	\$ 29,064	\$ 126,616
<b>Restricted assets:</b>							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 2,185</b>	<b>\$ 104,144</b>	<b>\$ 28,566</b>	<b>\$ 10,187</b>	<b>\$ 728,561</b>	<b>\$ 29,064</b>	<b>\$ 126,616</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
<b>Unrestricted</b>	<b>2,185</b>	<b>104,144</b>	<b>28,566</b>	<b>10,187</b>	<b>728,561</b>	<b>29,064</b>	<b>126,616</b>
<b>Total cash and investment fund balance - ending</b>	<b>\$ 2,185</b>	<b>\$ 104,144</b>	<b>\$ 28,566</b>	<b>\$ 10,187</b>	<b>\$ 728,561</b>	<b>\$ 29,064</b>	<b>\$ 126,616</b>

HANCOCK COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2007  
 (Continued)

	Probation Users Fees	Recorder's Records Perpetuation	Welfare Administration	Family and Children	Health Maintenance	Health Care for the Indigent	Pretrial Diversion
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	61,075	-	-
Intergovernmental	-	-	31,145	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	10,152	93,727	-	1,882,673	-	162,391	60,326
<b>Total receipts</b>	<b>10,152</b>	<b>93,727</b>	<b>31,145</b>	<b>1,882,673</b>	<b>61,075</b>	<b>162,391</b>	<b>60,326</b>
<b>Disbursements:</b>							
General government	-	205,003	-	-	-	-	-
Public safety	10,552	-	-	-	-	-	49,194
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	31,145	2,032,130	41,550	162,391	-
Culture and recreation	-	-	-	-	-	-	-
<b>Debt service:</b>							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>Capital outlay:</b>							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	3,728
Health and welfare	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>10,552</b>	<b>205,003</b>	<b>31,145</b>	<b>2,032,130</b>	<b>41,550</b>	<b>162,391</b>	<b>52,922</b>
Excess (deficiency) of receipts over disbursements	(400)	(111,276)	-	(149,457)	19,525	-	7,404
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	7,694	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,694</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(400)	(111,276)	-	(141,763)	19,525	-	7,404
Cash and investment fund balance - beginning	13,456	376,641	-	1,068,134	32,597	-	57,659
Cash and investment fund balance - ending	\$ 13,056	\$ 265,365	\$ -	\$ 926,371	\$ 52,122	\$ -	\$ 65,063
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 13,056	\$ 265,365	\$ -	\$ -	\$ 52,122	\$ -	\$ 65,063
<b>Restricted assets:</b>							
Cash and investments	-	-	-	926,371	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 13,056</b>	<b>\$ 265,365</b>	<b>\$ -</b>	<b>\$ 926,371</b>	<b>\$ 52,122</b>	<b>\$ -</b>	<b>\$ 65,063</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	926,371	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	13,056	265,365	-	-	52,122	-	65,063
<b>Total cash and investment fund balance - ending</b>	<b>\$ 13,056</b>	<b>\$ 265,365</b>	<b>\$ -</b>	<b>\$ 926,371</b>	<b>\$ 52,122</b>	<b>\$ -</b>	<b>\$ 65,063</b>

HANCOCK COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2007  
 (Continued)

	Guardian Ad Litem/Court	Misdemeanant	Supplemental Public Defender Service	Medical Assistance to Wards	Children With Special Health Needs	Surveyor's Corner Perpetuation	Sheriff's Continuing Education
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 29,566	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	3,650	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	4,829	34,013	47,205	3,691	-	15,345	-
<b>Total receipts</b>	<b>4,829</b>	<b>34,013</b>	<b>47,205</b>	<b>3,691</b>	<b>33,216</b>	<b>15,345</b>	<b>-</b>
<b>Disbursements:</b>							
General government	2,246	-	-	-	-	11,599	-
Public safety	-	33,204	-	-	-	-	11,456
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	3,691	33,216	-	-
Culture and recreation	-	-	-	-	-	-	-
<b>Debt service:</b>							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>Capital outlay:</b>							
General government	-	-	-	-	-	3,519	-
Public safety	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>2,246</b>	<b>33,204</b>	<b>-</b>	<b>3,691</b>	<b>33,216</b>	<b>15,118</b>	<b>11,456</b>
Excess (deficiency) of receipts over disbursements	2,583	809	47,205	-	-	227	(11,456)
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	(100,000)	-	-	-	-
Other receipts	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(100,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,583	809	(52,795)	-	-	227	(11,456)
Cash and investment fund balance - beginning	4,005	31,969	83,814	-	-	15,392	11,585
Cash and investment fund balance - ending	\$ 6,588	\$ 32,778	\$ 31,019	\$ -	\$ -	\$ 15,619	\$ 129
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 6,588	\$ 32,778	\$ 31,019	\$ -	\$ -	\$ 15,619	\$ 129
<b>Restricted assets:</b>							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 6,588</b>	<b>\$ 32,778</b>	<b>\$ 31,019</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,619</b>	<b>\$ 129</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	6,588	32,778	31,019	-	-	15,619	129
<b>Total cash and investment fund balance - ending</b>	<b>\$ 6,588</b>	<b>\$ 32,778</b>	<b>\$ 31,019</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,619</b>	<b>\$ 129</b>

HANCOCK COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2007  
 (Continued)

	Jury Pay	Rainy Day	D.A.R.E.	Operation Pullover	Children's Residential Psychiatric Treatment	Homeland Security	HAVA Section 102
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 36,137	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	4,877	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	12,022	418,241	-	9,707	687,616	-	-
<b>Total receipts</b>	<b>12,022</b>	<b>418,241</b>	<b>-</b>	<b>9,707</b>	<b>728,630</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>							
General government	2	87,926	-	-	-	-	-
Public safety	-	-	2,433	11,139	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	25,246	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>2</b>	<b>87,926</b>	<b>2,433</b>	<b>11,139</b>	<b>25,246</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	12,020	330,315	(2,433)	(1,432)	703,384	-	-
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
<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	12,020	330,315	(2,433)	(1,432)	703,384	-	-
Cash and investment fund balance - beginning	11,082	866,349	2,859	4,481	3,564	2,302	47,596
Cash and investment fund balance - ending	\$ 23,102	\$ 1,196,664	\$ 426	\$ 3,049	\$ 706,948	\$ 2,302	\$ 47,596
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 23,102	\$ 1,196,664	\$ 426	\$ 3,049	\$ 706,948	\$ 2,302	\$ 47,596
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 23,102</b>	<b>\$ 1,196,664</b>	<b>\$ 426</b>	<b>\$ 3,049</b>	<b>\$ 706,948</b>	<b>\$ 2,302</b>	<b>\$ 47,596</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	23,102	1,196,664	426	3,049	706,948	2,302	47,596
<b>Total cash and investment fund balance - ending</b>	<b>\$ 23,102</b>	<b>\$ 1,196,664</b>	<b>\$ 426</b>	<b>\$ 3,049</b>	<b>\$ 706,948</b>	<b>\$ 2,302</b>	<b>\$ 47,596</b>

HANCOCK COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2007  
 (Continued)

	HAVA Section 101	County Sales Disclosure	Auditor Transfer Fee	Identification Security Protection	Community Corrections Construction Bonds	Courthouse Annex Construction Bonds	Courthouse Renovation Bonds
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 167,544	\$ 1,041,406	\$ 663,609
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	22,607	136,403	93,655
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	9,360	16,440	29,018	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>9,360</b>	<b>16,440</b>	<b>29,018</b>	<b>190,151</b>	<b>1,177,809</b>	<b>757,264</b>
Disbursements:							
General government	-	-	4,696	22,720	-	400	301
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	150,000	950,000	585,000
Interest	-	-	-	-	39,050	227,188	157,371
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>4,696</b>	<b>22,720</b>	<b>189,050</b>	<b>1,177,588</b>	<b>742,672</b>
Excess (deficiency) of receipts over disbursements	-	9,360	11,744	6,298	1,101	221	14,592
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
<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	-	9,360	11,744	6,298	1,101	221	14,592
Cash and investment fund balance - beginning	11,604	8,980	3,791	28,618	91,909	588,603	445,637
Cash and investment fund balance - ending	<u>\$ 11,604</u>	<u>\$ 18,340</u>	<u>\$ 15,535</u>	<u>\$ 34,916</u>	<u>\$ 93,010</u>	<u>\$ 588,824</u>	<u>\$ 460,229</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 11,604	\$ 18,340	\$ 15,535	\$ 34,916	\$ 93,010	\$ 588,824	\$ 460,229
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 11,604</u>	<u>\$ 18,340</u>	<u>\$ 15,535</u>	<u>\$ 34,916</u>	<u>\$ 93,010</u>	<u>\$ 588,824</u>	<u>\$ 460,229</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	11,604	18,340	15,535	34,916	93,010	588,824	460,229
<b>Total cash and investment fund balance - ending</b>	<u>\$ 11,604</u>	<u>\$ 18,340</u>	<u>\$ 15,535</u>	<u>\$ 34,916</u>	<u>\$ 93,010</u>	<u>\$ 588,824</u>	<u>\$ 460,229</u>

HANCOCK COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2007  
 (Continued)

	Assessment Training	Drug Court	Superior Court I Transcript	Superior Court II Transcript	Circuit Court Transcript	Community Corrections Grant	Community Corrections Grant 532
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	126,485	6,700	780	105	113,784	132,239
<b>Total receipts</b>	<b>-</b>	<b>126,485</b>	<b>6,700</b>	<b>780</b>	<b>105</b>	<b>113,784</b>	<b>132,239</b>
Disbursements:							
General government	7,457	139,460	3,142	780	105	100,970	126,121
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	15,572	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>7,457</b>	<b>155,032</b>	<b>3,142</b>	<b>780</b>	<b>105</b>	<b>100,970</b>	<b>126,121</b>
Excess (deficiency) of receipts over disbursements	(7,457)	(28,547)	3,558	-	-	12,814	6,118
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
<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	(7,457)	(28,547)	3,558	-	-	12,814	6,118
Cash and investment fund balance - beginning	21,800	22,094	48	103	-	109	-
Cash and investment fund balance - ending	\$ 14,343	\$ (6,453)	\$ 3,606	\$ 103	\$ -	\$ 12,923	\$ 6,118
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 14,343	\$ (6,453)	\$ 3,606	\$ 103	\$ -	\$ 12,923	\$ 6,118
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 14,343</b>	<b>\$ (6,453)</b>	<b>\$ 3,606</b>	<b>\$ 103</b>	<b>\$ -</b>	<b>\$ 12,923</b>	<b>\$ 6,118</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	14,343	(6,453)	3,606	103	-	12,923	6,118
<b>Total cash and investment fund balance - ending</b>	<b>\$ 14,343</b>	<b>\$ (6,453)</b>	<b>\$ 3,606</b>	<b>\$ 103</b>	<b>\$ -</b>	<b>\$ 12,923</b>	<b>\$ 6,118</b>

HANCOCK COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2007  
 (Continued)

	Community Corrections Project Income	Clerk Incentive (10-1-99)	Prosecutor Incentive	Prosecutor Incentive (10-1-99)	Courthouse Renovations	New Tobacco Money	Health Department Donations
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	158
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	937,575	-	-	720	403,340	28,837	-
<b>Total receipts</b>	<b>937,575</b>	<b>-</b>	<b>-</b>	<b>720</b>	<b>403,340</b>	<b>28,837</b>	<b>158</b>
Disbursements:							
General government	874,220	9,600	8,428	6,817	10,495	36,140	301
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	45,920	-	-	-	345,763	4,541	-
Public safety	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>920,140</b>	<b>9,600</b>	<b>8,428</b>	<b>6,817</b>	<b>356,258</b>	<b>40,681</b>	<b>301</b>
Excess (deficiency) of receipts over disbursements	17,435	(9,600)	(8,428)	(6,097)	47,082	(11,844)	(143)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
<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	17,435	(9,600)	(8,428)	(6,097)	47,082	(11,844)	(143)
Cash and investment fund balance - beginning	377,133	23,163	10,140	48,369	107,530	85,324	764
Cash and investment fund balance - ending	\$ 394,568	\$ 13,563	\$ 1,712	\$ 42,272	\$ 154,612	\$ 73,480	\$ 621
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 394,568	\$ 13,563	\$ 1,712	\$ 42,272	\$ 154,612	\$ 73,480	\$ 621
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 394,568</b>	<b>\$ 13,563</b>	<b>\$ 1,712</b>	<b>\$ 42,272</b>	<b>\$ 154,612</b>	<b>\$ 73,480</b>	<b>\$ 621</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	394,568	13,563	1,712	42,272	154,612	73,480	621
<b>Total cash and investment fund balance - ending</b>	<b>\$ 394,568</b>	<b>\$ 13,563</b>	<b>\$ 1,712</b>	<b>\$ 42,272</b>	<b>\$ 154,612</b>	<b>\$ 73,480</b>	<b>\$ 621</b>

HANCOCK COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2007  
 (Continued)

	Bio Terrorism Grant	Conservation Training	Local User Fee	E911 General	E911 Revenue	E911 Bond and Interest	Education Plate
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	70,747	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	298,817	-	-	-	-
Other	-	21	17,497	487,011	842,656	249,440	8,813
<b>Total receipts</b>	<b>70,747</b>	<b>21</b>	<b>316,314</b>	<b>487,011</b>	<b>842,656</b>	<b>249,440</b>	<b>8,813</b>
Disbursements:							
General government	-	21	336,286	472,380	736,450	-	8,813
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	54,479	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	200,000	-
Interest	-	-	-	-	-	49,440	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>54,479</b>	<b>21</b>	<b>336,286</b>	<b>472,380</b>	<b>736,450</b>	<b>249,440</b>	<b>8,813</b>
Excess (deficiency) of receipts over disbursements	16,268	-	(19,972)	14,631	106,206	-	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	24,480	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>24,480</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	16,268	-	4,508	14,631	106,206	-	-
Cash and investment fund balance - beginning	16,542	96	170,517	64,670	136,512	-	-
Cash and investment fund balance - ending	\$ 32,810	\$ 96	\$ 175,025	\$ 79,301	\$ 242,718	\$ -	\$ -
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 32,810	\$ 96	\$ 175,025	\$ 79,301	\$ 242,718	\$ -	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 32,810</b>	<b>\$ 96</b>	<b>\$ 175,025</b>	<b>\$ 79,301</b>	<b>\$ 242,718</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	32,810	96	175,025	79,301	242,718	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 32,810</b>	<b>\$ 96</b>	<b>\$ 175,025</b>	<b>\$ 79,301</b>	<b>\$ 242,718</b>	<b>\$ -</b>	<b>\$ -</b>

HANCOCK COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2007  
 (Continued)

	JAIBG Jobs Grant	Courthouse Annex Construction	Development/ Improvement	Highway Traffic Safety	Sheriff's Commissary	IDEM Grant	Safe-T Grant
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	16,913	-	144,063	11,464	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>16,913</b>	<b>-</b>	<b>144,063</b>	<b>11,464</b>	<b>-</b>
<b>Disbursements:</b>							
General government	-	19,246	-	211	-	7,473	-
Public safety	-	-	-	-	128,804	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
<b>Debt service:</b>							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
<b>Capital outlay:</b>							
General government	-	167,815	416,913	-	-	-	-
Public safety	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>187,061</b>	<b>416,913</b>	<b>211</b>	<b>128,804</b>	<b>7,473</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>-</b>	<b>(187,061)</b>	<b>(400,000)</b>	<b>(211)</b>	<b>15,259</b>	<b>3,991</b>	<b>-</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
<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>-</b>	<b>(187,061)</b>	<b>(400,000)</b>	<b>(211)</b>	<b>15,259</b>	<b>3,991</b>	<b>-</b>
<b>Cash and investment fund balance - beginning</b>	<b>395</b>	<b>187,061</b>	<b>400,000</b>	<b>211</b>	<b>55,305</b>	<b>3,619</b>	<b>(2,641)</b>
<b>Cash and investment fund balance - ending</b>	<b>\$ 395</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 70,564</b>	<b>\$ 7,610</b>	<b>\$ (2,641)</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 395	\$ -	\$ -	\$ -	\$ 70,564	\$ 7,610	\$ (2,641)
<b>Restricted assets:</b>							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 395</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 70,564</b>	<b>\$ 7,610</b>	<b>\$ (2,641)</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	395	-	-	-	70,564	7,610	(2,641)
<b>Total cash and investment fund balance - ending</b>	<b>\$ 395</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 70,564</b>	<b>\$ 7,610</b>	<b>\$ (2,641)</b>

HANCOCK COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2007  
 (Continued)

	Sheriff Drug Seizure	AIM Grant	Hancock Area Rural Transit	Orthophoto Laptop Grant	Excess Levy	General Drain Improvement	Totals
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,365,939
Licenses and permits	-	-	-	-	-	-	546,521
Intergovernmental	-	16,000	-	-	-	-	1,038,859
Charges for services	-	-	-	-	-	-	4,562
Fines and forfeits	-	-	-	-	-	728	611,112
Other	2,187	-	83,133	11,250	-	159,543	7,726,494
<b>Total receipts</b>	<b>2,187</b>	<b>16,000</b>	<b>83,133</b>	<b>11,250</b>	<b>-</b>	<b>160,271</b>	<b>12,293,487</b>
Disbursements:							
General government	-	16,000	83,133	-	-	112,447	3,929,850
Public safety	-	-	-	-	-	-	902,692
Highways and streets	-	-	-	-	-	-	1,110,944
Health and welfare	-	-	-	-	-	-	2,812,679
Culture and recreation	-	-	-	-	-	-	204,569
Debt service:							
Principal	-	-	-	-	-	-	1,885,000
Interest	-	-	-	-	-	-	473,049
Capital outlay:							
General government	-	-	-	11,250	-	-	1,076,980
Public safety	-	-	-	-	-	-	15,095
Health and welfare	-	-	-	-	-	-	3,082
<b>Total disbursements</b>	<b>-</b>	<b>16,000</b>	<b>83,133</b>	<b>11,250</b>	<b>-</b>	<b>112,447</b>	<b>12,413,940</b>
Excess (deficiency) of receipts over disbursements	2,187	-	-	-	-	47,824	(120,453)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	59,685	67,379
Transfers out	-	-	-	-	(102,712)	-	(202,712)
Other receipts	-	-	-	-	-	20,770	268,683
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(102,712)</b>	<b>80,455</b>	<b>133,350</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,187	-	-	-	(102,712)	128,279	12,897
Cash and investment fund balance - beginning	-	-	-	-	142,054	719,347	8,907,964
Cash and investment fund balance - ending	<u>\$ 2,187</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,342</u>	<u>\$ 847,626</u>	<u>\$ 8,920,861</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 2,187	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,190,743
Restricted assets:							
Cash and investments	-	-	-	-	39,342	847,626	2,730,118
<b>Total cash and investment assets - ending</b>	<u>\$ 2,187</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,342</u>	<u>\$ 847,626</u>	<u>\$ 8,920,861</u>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ 39,342	\$ -	\$ 39,342
Highways and streets	-	-	-	-	-	-	736,953
Health and welfare	-	-	-	-	-	-	1,106,197
Capital outlay	-	-	-	-	-	847,626	847,626
Unrestricted	2,187	-	-	-	-	-	6,190,743
<b>Total cash and investment fund balance - ending</b>	<u>\$ 2,187</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 39,342</u>	<u>\$ 847,626</u>	<u>\$ 8,920,861</u>

HANCOCK COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2007

	City and Town Court Costs	Congressional School Interest	Surplus Tax Sale	Tax Sale Redemption	Surplus Tax	State Fines and Forfeitures	State Sales Disclosure Fee
Additions:							
Agency fund additions	\$ 23,863	\$ 1,612	\$ 228,706	\$ 206,764	\$ 76,032	\$ 34,582	\$ 9,315
Deductions:							
Agency fund deductions	23,666	430	731,763	193,016	104,105	35,022	9,530
Excess (deficiency) of total additions over total deductions	197	1,182	(503,057)	13,748	(28,073)	(440)	(215)
Cash and investment fund balance - beginning	1,751	22,001	858,242	574	60,651	1,737	2,775
Cash and investment fund balance - ending	<u>\$ 1,948</u>	<u>\$ 23,183</u>	<u>\$ 355,185</u>	<u>\$ 14,322</u>	<u>\$ 32,578</u>	<u>\$ 1,297</u>	<u>\$ 2,560</u>

HANCOCK COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2007  
 (Continued)

	<u>Infraction Judgements</u>	<u>Inheritance Tax</u>	<u>Payroll</u>	<u>Public Employees Retirement Fund</u>	<u>Payroll Withholding Federal</u>	<u>Payroll Withholding State</u>	<u>Payroll Withholding Local Tax</u>
Additions:							
Agency fund additions	\$ 130,589	\$ 1,256,696	\$ 6,302,669	\$ 605,757	\$ 1,149,944	\$ 344,223	\$ 115,209
Deductions:							
Agency fund deductions	<u>131,271</u>	<u>1,799,100</u>	<u>5,842,232</u>	<u>605,757</u>	<u>1,149,944</u>	<u>344,223</u>	<u>115,209</u>
Excess (deficiency) of total additions over total deductions	(682)	(542,404)	460,437	-	-	-	-
Cash and investment fund balance - beginning	<u>9,469</u>	<u>922,634</u>	<u>633,171</u>	-	-	-	-
Cash and investment fund balance - ending	<u>\$ 8,787</u>	<u>\$ 380,230</u>	<u>\$ 1,093,608</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HANCOCK COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2007  
 (Continued)

	Special Death Benefit	Library PTRC / CEDIT	Welfare Trust	Tax Distribution	Bids, Bonds, and Deposits	Pension Trust Clearing	Coroner Education
Additions:							
Agency fund additions	\$ 7,580	\$ 2,500,712	\$ 5,400	\$ 94,120,234	\$ 18,150	\$ 30,632	\$ 4,142
Deductions:							
Agency fund deductions	8,265	2,416,958	17,052	91,013,307	49,372	33,620	3,764
Excess (deficiency) of total additions over total deductions	(685)	83,754	(11,652)	3,106,927	(31,222)	(2,988)	378
Cash and investment fund balance - beginning	685	2,833,530	12,427	391,487	113,172	-	270
Cash and investment fund balance - ending	\$ -	\$ 2,917,284	\$ 775	\$ 3,498,414	\$ 81,950	\$ (2,988)	\$ 648

HANCOCK COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2007  
 (Continued)

	Interstate Transfer Fee	State Mortgage Fee	Board of Health	Sheriff	Sheriff Inmate Trust	Community Corrections	Clerk of the Circuit Court
Additions:							
Agency fund additions	\$ 600	\$ 11,513	\$ 124,469	\$ 2,404,387	\$ 235,052	\$ 966,293	\$ 5,018,793
Deductions:							
Agency fund deductions	450	12,663	122,903	2,525,352	231,107	898,452	4,388,353
Excess (deficiency) of total additions over total deductions	150	(1,150)	1,566	(120,965)	3,945	67,841	630,440
Cash and investment fund balance - beginning	-	1,150	228	166,883	3,971	69,259	2,103,796
Cash and investment fund balance - ending	<u>\$ 150</u>	<u>\$ -</u>	<u>\$ 1,794</u>	<u>\$ 45,918</u>	<u>\$ 7,916</u>	<u>\$ 137,100</u>	<u>\$ 2,734,236</u>

HANCOCK COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2007  
 (Continued)

	<u>Recorder</u>	<u>Treasurer</u>	<u>Area Planning Commission</u>	<u>Probation</u>	<u>Substance Abuse</u>	<u>Totals</u>
Additions:						
Agency fund additions	\$ 356,277	\$ 89,071,564	\$ 365,050	\$ 193,385	\$ 38,560	\$ 205,958,754
Deductions:						
Agency fund deductions	<u>363,563</u>	<u>88,691,322</u>	<u>348,059</u>	<u>199,225</u>	<u>37,525</u>	<u>202,446,580</u>
Excess (deficiency) of total additions over total deductions	(7,286)	380,242	16,991	(5,840)	1,035	3,512,174
Cash and investment fund balance - beginning	<u>32,719</u>	<u>879,215</u>	<u>120</u>	<u>17,837</u>	<u>180</u>	<u>9,139,934</u>
Cash and investment fund balance - ending	<u>\$ 25,433</u>	<u>\$ 1,259,457</u>	<u>\$ 17,111</u>	<u>\$ 11,997</u>	<u>\$ 1,215</u>	<u>\$ 12,652,108</u>

HANCOCK COUNTY  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS

As of December 31, 2007

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets completed in the current and prior years have been reported and only include parking lots.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 1,430,192
Infrastructure	222,289
Buildings	19,017,622
Machinery and equipment	8,314,277
Computers	<u>1,257,156</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 30,241,536</u>

HANCOCK COUNTY  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2007

The County has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
<b>Governmental Activities:</b>		
Capital leases:		
Truck - county surveyor	\$ 4,732	\$ 4,999
Notes and loans payable	83,579	45,551
Bonds payable:		
General obligation bonds:		
2001 Community corrections center	775,000	187,450
2002 Courthouse annex	6,205,000	1,198,313
2005 Courthouse renovation	4,505,000	749,671
2007 Emergency operations center	4,000,000	100,189
Revenue bonds:		
2001 E911 emergency telephone system	905,000	251,624
<b>Total governmental activities debt</b>	<b>\$ 16,478,311</b>	<b>\$ 2,537,797</b>

HANCOCK COUNTY  
OTHER REPORTS

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

Clerk of the Circuit Court  
County Auditor  
County Community Corrections Department  
County Sheriff

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
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ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

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

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

TO: THE OFFICIALS OF HANCOCK COUNTY, INDIANA

Compliance

We have audited the compliance of the Hancock County (County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2007. The County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2007. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2007-3 and 2007-4.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 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 deficiencies in internal control over compliance described in items 2007-3 and 2007-4 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 any of the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

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

STATE BOARD OF ACCOUNTS

October 27, 2008

HANCOCK COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2007

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Pass-Through Indiana Criminal Justice Institute Juvenile Accountability Block Grant	16.523	05-JB-007	\$ 16,000
Edward Byrne Memorial Formula Grant Program 2005-DB-BX-0759	16.579	06-DJ-002	42,000
Edward Byrne Justice Assistance Grant Program 2005-DJ-BX-0759	16.738	05-DJ-028	40,930
Total for federal grantor agency			98,930
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Criminal Justice Institute Highway Safety Cluster State and Community Highway Safety Operation Pullover	20.600	OP-07-01-01-08	7,707
Total for cluster			7,707
Pass-Through Indiana Department of Transportation Formula Grants for Other Than Urbanized Areas Senior Citizen's Transportation Grant	20.509	2007	83,113
Pass-Through Indiana Criminal Justice Institute Section 157 Incentive Traffic Safety Grant	None	PF08-04-01-53	2,000
Total for federal grantor agency			92,820
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through Indiana Department of Health Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	BPRS129-2	54,479
Pass-Through Indiana Department of Child Services Child Support Enforcement	93.563		
Child Support-Earned Indirect Costs		2007	27,290
County Prosecutor Expenditures		2007	178,424
Clerk of the Circuit Court Expenditures		2007	28,841
Total for program			234,555
Child Welfare Services - State Grants Child Welfare	93.645	2007	38,600
Total for federal grantor agency			327,634
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security Disaster Grants - Public Assistance (Presidentially Declared Disasters) EM 3274	97.036	059-99059-00	50,342
State Homeland Security Program EDS	97.073	C44P-7-103	11,250
Total for federal grantor agency			61,592
Total federal awards expended			\$ 580,976

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

HANCOCK COUNTY  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

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

HANCOCK COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: qualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	yes

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	yes

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

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

Identification of Major Programs:

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

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

FINDING 2007-1, CHILD SUPPORT ENFORCEMENT CASE BALANCES

Hancock County, in conjunction with the Indiana Department of Child Services, accounted for child support collections and payments through the Indiana Support Enforcement Tracking System (ISETS) during 2007. The following deficiency was identified:

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

HANCOCK COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

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

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

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

FINDING 2007-2, SIGNIFICANT DEFICIENCY LACK OF INTERNAL CONTROLS

The internal controls over the reconciling of the Indiana Support Enforcement Tracking System (ISETS) bank account balance to the Clerk of the Circuit Court's ledger balance were insufficient. Prior to this audit period, an error in reconciling occurred and County Officials contacted the ISETS help desk at the Indiana Family and Social Services Administration (FSSA) (now the Indiana Department of Child Services) for assistance. Reconciliation information was turned over to FSSA in 2006, who reconciled ISETS transactions to bank activity through December 2005. No attempts to reconcile the bank account balance to the Clerk of the Circuit Court ledger was done in 2007.

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

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

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

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

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

HANCOCK COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2007-3, SIGNIFICANT DEFICIENCY – SPECIAL TESTS AND PROVISIONS

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

Hancock County, in conjunction with the Indiana Department of Child Services accounted for child support collections and payments through the Indiana Support Enforcement Tracking System (ISETS) during 2007. The following deficiency was identified:

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

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

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

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

FINDING 2007-4, CONTROL DEFICIENCY - ALLOWABLE COSTS/COST PRINCIPALS / REPORTING

Federal Agency: U.S. Department of Health and Human Services  
Federal Program: Child Support Enforcement  
CFDA Number: 96.563  
Pass-Through Agency: Indiana Department of Child Services

In 2006, the Clerk's office hired a company to take over the filing of the monthly reimbursement claims; however these claims were not reviewed by the Clerk of Circuit Court prior to filing the reports. When the direct monthly reimbursement claims for the Clerk were compiled, totals for supplies, travel, and capital outlays were pulled from the County Auditor's ledgers. A report was also obtained from the County Auditor's office for payroll related items. Activities and costs in the amount of \$5,022 were claimed on the monthly reports that were not for Title IV-D program related costs or activities. As a result reimbursement of \$3,315 (\$5,022 times 66%) for nonrelated IV-D program costs was requested and received.

HANCOCK COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

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

Failure to adequately review expenditure reports resulted in unallowable costs charged to the Child Support Enforcement Program.

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



Office of  
**SHARI BURRIS**



Clerk of Hancock Circuit and Superior Courts

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Greenfield, IN 46140  
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Summary Schedule of Prior Audit Findings

Finding 2006-3 Special Tests and Provisions/Reportable Condition

Original State Board of Accounts Audit Report Number B30387

Audit Period: January 1, 2006 to December 31, 2006

Auditee Contact Person: Shari Burris

Title of Contact Person: Clerk of Hancock Circuit and Superior Courts

Phone Number: 317-477-1109

Status of Finding:

We have received from the Division of Family and Children a set of instructions on the balancing of the ISETS account. We are in the process of learning these steps in order to proceed with the updating of this account.

Finding 2006-4 Internal Control Reportable Condition – Allowable Costs/Cost Principles

Original State Board of Accounts Audit Report Number B30387

Audit Period: January 1, 2006 to December 31, 2006

Auditee Contact Person: Shari Burris

Title of Contact Person: Clerk of Hancock Circuit and Superior Courts

Phone Number: 317-477-1109

Status of Finding:

More in depth review of claims will be implemented in order to prevent improper costs to the Child Support Enforcement Program.

*Shari Burris*

Shari Burris, Clerk of Circuit and  
Superior Courts, Hancock County, Indiana

*8-12-08*

Date



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



**Dean Dobbins**

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

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding 2006-3 Special Tests and Provisions / Reportable Condition

Original State Board of Accounts Audit Report Number B30387

Audit Period: January 1, 2006 to December 31, 2006

Auditee Contact Person: Susan Shambaugh

Title of Contact Person: Child Support Administrator

Phone Number: 317-477-1713

Status of Finding

We requested in a letter to the Director of the Division of Family and Children, Indiana Family and Social Services Administration, additional training and assistance in the correction of errors in case subaccount balances. Additionally, caseworkers have been instructed to reconcile case subaccount balances before court hearings and administrative enforcement.

Finding 2006-4 Internal Control Reportable Condition – Allowable Costs / Cost Principles

Original State Board of Accounts Audit Report Number B30387

Audit Period: January 1, 2006 to December 31, 2006

Auditee Contact Person: Susan Shambaugh

Title of Contact Person: Child Support Administrator

Phone Number: 317-477-1713

Status of Finding

Child Support Administrator, who prepares monthly reimbursement claims, maintains manuals with instructions on how to complete monthly reimbursement claims and a spreadsheet detailing claim amounts. This will allow a more smooth transition if a new administrator will need to know how to prepare monthly reimbursement claims, including procedure for submitting claims in the past and what are allowable expenses.

Dean Dobbins, Hancock County Prosecuting Attorney

Date

6-16-08



Office of  
**LINDA J. GRASS**

  
Auditor of Hancock County

111 American Legion Place  
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Greenfield, IN 46140  
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding 2006-3 Special Tests and Provisions Reportable Condition  
Original State Board of Accounts Audit Report Number B30387  
Audit Period: January 1, 2006 to December 31, 2006  
Auditee Contact Person: Linda Grass  
Title of Contract Person: County Auditor  
Phone Number: 317-477-1105

Status of Finding:

The Clerk of the Circuit Court requested and received from the Department of Child Services a set of instructions on the balancing of the ISETS account. The Clerk of the Circuit Court is in the process of learning these steps in order to proceed with the updating of this account.

Finding 2006-4 Internal Control Reportable Condition – Allowable Costs/Cost Principles  
Original State Board of Accounts Audit Report Number B30387  
Audit Period: January 1, 2006 to December 31, 2006  
Auditee Contact Person: Linda Grass  
Title of Contract Person: County Auditor  
Phone Number: 317-477-1105

Status of Finding:

Controls will be implemented to review claims paid in order to prevent improper or unallowed costs to be charged to the Child Support Enforcement program.

  
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Linda Grass, Hancock County Auditor



Office of  
**SHARI BURRIS**



Clerk of Hancock Circuit and Superior Courts

Court House  
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Corrective Action Plan

Section II Finding No. 2007 – 1 Child Support Enforcement Case Balances

Section III Finding No. 2007-3 Significant Deficiency-Support Enforcement Case Balances

Federal Agency:	U.S. Department of Health and Human Services
Federal Program:	Child Support Enforcement
CFDA Number:	93-563
Auditee Contact Person:	Shari Burris
Title of Contact Person:	Clerk of Circuit Court
Phone Number:	317-477-1109
Expected Completion Date:	December 31, 2008

With instruction from the Division of Family and Children, we are learning and developing the necessary steps to balance the ISETS account. Our endeavor to correct and update this account will continue to move forward.

Section II Finding No. 2007-2 Significant Deficiency Lack of Internal Controls

The Division of Family and Children has provided our office with written instructions on the balancing of the ISETS account. As we learn these steps, we are developing a better understanding of the process, therefore, providing more control.

Section III Finding No. 2007-4 Significant Deficiency – Allowable Costs/Cost

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

We have spoken with the company who files our monthly reimbursement claims and explained the errors in their processing. A review of each monthly claim will be conducted by the Clerk in the future to ensure proper costs are requested.

Shari Burris  
Shari Burris, Hancock Co. Clerk

9-2-08  
Date



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



**Dean Dobbins**

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CORRECTIVE ACTION PLAN

FINDINGS 2007-1 and 2007-3 Reportable Condition – Child Support Enforcement Case Balances

Federal Agency: U.S. Department of Health and Human Services  
Federal Program: Child Support Enforcement  
CFDA Number: 93.563  
Auditee Contact Person: Susan Shambaugh  
Title of Contact Person: Child Support Administrator  
Phone Number: (317) 477-1713  
Expected Completion Date: September 5, 2008

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

Dean Dobbins, Prosecuting Attorney

Date

8-29-08



Office of  
**LINDA J. GRASS**  
  
Auditor of Hancock County

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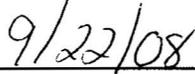
CORRECTIVE ACTION PLAN

Finding 2007-1 and 2007-3 Significant Deficiency - Special Tests and Provisions

Federal Agency: U.S. Department of Health and Human Services  
Federal Program: Child Support Enforcement  
CFDA Number: 93.563  
Auditee Contact Person: Linda Grass  
Title of Contract Person: County Auditor  
Phone Number: 317-477-1105  
Expected Completion Date: December 31, 2008

With instruction from the Division of Child Services, the Clerk of the Circuit Court is learning and developing the necessary steps to balance the ISETS account. Their endeavor to correct and update this account will continue to move forward.

  
\_\_\_\_\_  
Linda Grass, Hancock County Auditor

  
\_\_\_\_\_  
Date

HANCOCK COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on October 27, 2008, with Jack Heiden, President of the Board of County Commissioners; and Linda Grass, Auditor.