

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

ANNUAL FINANCIAL REPORT

2008

HANCOCK COUNTY, INDIANA



FILED

01/14/2010

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Linda Grass	01-01-08 to 06-22-09
	Rosemary Melvin (Interim)	06-23-09 to 07-01-09
	Robin Lowder	07-02-09 to 12-31-11
Treasurer	Janice Silvey	01-01-05 to 12-31-08
	Phyllis Vest	01-01-09 to 12-31-12
Clerk	Shari Burris	01-01-07 to 12-31-10
Sheriff	Calvin 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	01-01-08 to 12-31-08
	Derek Towle	01-01-09 to 12-31-09
President of the County Council	William Bolander	01-01-08 to 12-31-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF HANCOCK COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Hancock County (County), as of and for the year ended December 31, 2008, 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, 2008, 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 December 21, 2009, 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.

The County provides postemployment health and dental insurance benefits to a small number of eligible retirees and former elected officials. The County has not provided an actuarial study to determine the County's annual post employment benefit costs in accordance with GASB Statement 45.

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

December 21, 2009



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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, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 21, 2009. 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 item 2008-1 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 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

December 21, 2009

HANCOCK COUNTY
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts			Net (Disbursement) Receipt and Changes in Net Assets
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>
Primary government:					
Governmental activities:					
General government	\$ 34,575,296	\$ 1,585,677	\$ 266,954	\$ -	\$ (32,722,665)
Public safety	12,524,295	2,357,685	296,816	-	(9,869,794)
Highways and streets	6,488,308	7,669	2,694,191	624,643	(3,161,805)
Sanitation	6,755	8,445	-	-	1,690
Health and welfare	3,492,934	113,025	281,651	-	(3,098,258)
Culture and recreation	228,044	-	-	-	(228,044)
Principal and interest on indebtedness	2,487,247	-	-	-	(2,487,247)
Total governmental activities	<u>\$ 59,802,879</u>	<u>\$ 4,072,501</u>	<u>\$ 3,539,612</u>	<u>\$ 624,643</u>	<u>(51,566,123)</u>
General receipts:					
Property taxes					9,593,633
Income taxes					4,993,869
Intergovernmental					2,130,665
Other local sources					29,319,569
Grants and contributions not restricted to specific programs					146,573
Investment earnings					<u>725,364</u>
Total general receipts					<u>46,909,673</u>
Change in net assets					(4,656,450)
Net assets - beginning					<u>19,422,448</u>
Net assets - ending					<u>\$ 14,765,998</u>
<u>Assets</u>					
Cash and investments					\$ 7,815,964
Restricted assets:					
Cash and investments					<u>6,950,034</u>
Total assets					<u>\$ 14,765,998</u>
<u>Net Assets</u>					
Restricted for:					
Public safety					\$ 109,777
Highways and streets					2,141,709
Health and welfare					469,694
Debt service					905,668
Capital outlay					3,119,530
Other purposes					203,656
Unrestricted					<u>7,815,964</u>
Total net assets					<u>\$ 14,765,998</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, 2008

	General	Drainage Maintenance	Rainy Day	Cumulative Bridge	General Drain Improvement	Other Governmental Funds	Totals
Receipts:							
Taxes	\$ 11,530,709	\$ -	\$ -	\$ 1,282,036	\$ -	\$ 3,482,018	\$ 16,294,763
Special assessments	-	368,055	-	-	1,422	-	369,477
Licenses and permits	225	-	-	-	-	16,875	17,100
Intergovernmental	548,315	-	-	13,959	-	5,767,513	6,329,787
Charges for services	1,257,891	-	-	-	-	1,456,018	2,713,909
Fines and forfeits	329,935	-	-	-	-	480,659	810,594
Other	632,393	11,035,913	2,772,267	54,150	9,777,774	1,252,899	25,525,396
Total receipts	14,299,468	11,403,968	2,772,267	1,350,145	9,779,196	12,455,982	52,061,026
Disbursements:							
General government	9,785,486	11,338,457	2,118,552	-	9,806,327	1,168,523	34,217,345
Public safety	6,330,549	-	-	-	-	4,330,320	10,660,869
Highways and streets	75,708	-	-	141,998	-	4,648,642	4,866,348
Sanitation	-	-	-	-	-	6,755	6,755
Health and welfare	-	-	-	-	-	3,484,484	3,484,484
Culture and recreation	6,210	-	-	-	-	221,834	228,044
Debt service:							
Principal	-	-	-	-	-	1,977,000	1,977,000
Interest	-	-	-	-	-	510,247	510,247
Capital outlay:							
General government	36,809	-	-	-	-	521,674	558,483
Public safety	24,939	-	-	-	-	1,838,487	1,863,426
Highways and streets	-	-	-	1,275,238	-	346,722	1,621,960
Health and welfare	-	-	-	-	-	8,450	8,450
Total disbursements	16,259,701	11,338,457	2,118,552	1,417,236	9,806,327	19,063,138	60,003,411
Excess (deficiency) of receipts over disbursements	(1,960,233)	65,511	653,715	(67,091)	(27,131)	(6,607,156)	(7,942,385)
Other financing sources (uses):							
Transfers in	-	-	-	-	96,201	1,491,931	1,588,132
Transfers out	-	(96,201)	-	-	-	(1,491,931)	(1,588,132)
Other receipts	1,216,095	-	-	41,320	-	1,827,988	3,085,403
Total other financing sources (uses)	1,216,095	(96,201)	-	41,320	96,201	1,827,988	3,085,403
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(744,138)	(30,690)	653,715	(25,771)	69,070	(4,779,168)	(4,856,982)
Cash and investment fund balance - beginning	1,325,396	2,381,037	1,196,664	1,995,921	847,626	11,672,680	19,419,324
Cash and investment fund balance - ending	\$ 581,258	\$ 2,350,347	\$ 1,850,379	\$ 1,970,150	\$ 916,696	\$ 6,893,512	14,562,342
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.							
							203,656
Net assets of governmental activities							\$ 14,765,998
Cash and Investment Assets - Ending							
Cash and investments	\$ 581,258	\$ 2,350,347	\$ 1,850,379	\$ -	\$ -	\$ 2,984,511	\$ 7,766,495
Restricted assets:							
Cash and investments	-	-	-	1,970,150	916,696	3,909,001	6,795,847
Total cash and investment assets - ending	\$ 581,258	\$ 2,350,347	\$ 1,850,379	\$ 1,970,150	\$ 916,696	\$ 6,893,512	\$ 14,562,342
Cash and Investment Fund Balance - Ending							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 159,246	\$ 159,246
Highways and streets	-	-	-	-	-	2,141,709	2,141,709
Health and welfare	-	-	-	-	-	469,694	469,694
Debt service	-	-	-	-	-	905,668	905,668
Capital outlay	-	-	-	1,970,150	916,696	232,684	3,119,530
Unrestricted	581,258	2,350,347	1,850,379	-	-	2,984,511	7,766,495
Total cash and investment fund balance - ending	\$ 581,258	\$ 2,350,347	\$ 1,850,379	\$ 1,970,150	\$ 916,696	\$ 6,893,512	\$ 14,562,342

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, 2008

	<u>Internal Service Fund</u>
Operating receipts:	
Charges for services	\$ 2,450,000
Operating disbursements:	
Insurance claims and expense	<u>2,249,468</u>
Excess of receipts over disbursements	200,532
Cash and investment fund balance - beginning	<u>3,124</u>
Cash and investment fund balance - ending	<u>\$ 203,656</u>
 <u>Cash and Investment Assets - December 31</u>	
Restricted assets:	
Cash and investments	<u>\$ 203,656</u>
 <u>Cash and Investment Fund Balance - December 31</u>	
Restricted for:	
Other purposes	<u>\$ 203,656</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, 2008

	<u>Pension Trust Fund</u>	<u>Private-Purpose Trust Fund</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Employer	\$ 404,697	\$ -	
Plan members	<u>359,003</u>	<u>-</u>	
Total contributions	<u>763,700</u>	<u>-</u>	
Investment earnings:			
Interest	183,014	-	
Dividends	<u>(123,850)</u>	<u>-</u>	
Total investment earnings	<u>59,164</u>	<u>-</u>	
Total additions	<u>822,864</u>	<u>-</u>	
Deductions:			
Benefits	261,640	-	
Administrative and general	64,506	-	
Agency fund deductions	<u>-</u>	<u>-</u>	
Total deductions	<u>326,146</u>	<u>-</u>	
Deficiency of total additions over total deductions	496,718	-	
Cash and investment fund balance - beginning	<u>4,806,051</u>	<u>10,741</u>	
Cash and investment fund balance - ending	<u>\$ 5,302,769</u>	<u>\$ 10,741</u>	<u>\$ 10,843,199</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, culture and recreation, public improvements, planning and zoning, and general administrative services.

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

Primary Government:	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 required 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

The rainy day fund is used to account for funds in accordance with Indiana Code 36-1-8-5.1 and a locally adopted ordinance.

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

The general drain improvement fund accounts for fund in accordance with Indiana Code 36-3-27-73.

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 accumulate resources for pension benefit payments.

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

Agency funds account for assets held by the County as an agent for individuals, private organizations, and other governments, and serve as a 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). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the County on or prior to December 31 of the year collected.

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.

HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

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

E. Receipts and Disbursements

1. Program Receipts

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

2. Operating Receipts and Disbursements

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

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

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

Government-Wide Financial Statements

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

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

HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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

- B. For the year ended December 31, 2008, disbursements exceeded budgeted appropriations in the County Welfare Family and Children Fund by \$318,842.

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, 2008, the County had deposit balances in the amount of \$25,672,823. Of this amount, the following was exposed to custodial credit risk:

	<u>2008</u>
Uninsured and uncollateralized deposits	<u>\$ 342,645</u>

The remaining bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Investments

As of December 31, 2008, the County and the Sheriff's Retirement and Benefit Plan had the following investments:

Investment Type	Primary Government Market Value
U.S. treasuries and securities	\$ 1,335,218
U.S. agencies	720,937
Common stock	1,454,860
Corporate bonds	160,849
Fixed rate capital securities	536,095
Mutual funds	255,132
Managed funds	247,660
Alternate investments	393,514
Total	\$ 5,104,265

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

HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

Investment Custodial Credit Risk

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

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

The following investments held by the County and 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:

Primary Government:

Investment Type	2008 Not in the Government's Name
Common stock	\$ 1,454,860
Corporate bonds	160,849
Fixed rate capital	536,095
Managed funds	247,660
Alternative investments	393,514
Total	\$ 2,792,978

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.

HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Investment Type	Investment Maturities (in Years)		
	Less Than 1	1-2	More Than 2
U.S. treasuries and securities	\$ -	\$ 621,914	\$ 713,304
Government sponsored enterprise	-	293,466	427,471
Common stock	1,454,860	-	-
Corporate bonds	-	-	160,849
Fixed rate capital securities	1,496	53,579	481,020
Mutual funds	255,132	-	-
Managed funds	247,660	-	-
Alternative investments	393,514	-	-
Totals	<u>\$ 2,352,662</u>	<u>\$ 968,959</u>	<u>\$ 1,782,644</u>

Credit Risk

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

Standard and Poor's Rating	Moody's Rating	County's Investments			
		Mutual Funds	Corporate Bonds	Government Sponsored Enterprise	Fixed Rate Capital Securities
AAA	Aaa	\$ -	\$ 16,354	\$ 720,937	\$ 50,901
AA	Aa	-	8,065	-	139,299
A	A	-	48,075	-	336,090
BBB	Baa	-	70,050	-	6,894
BB	Ba	-	3,570	-	2,911
Unrated	Unrated	255,132	14,735	-	-
Totals		<u>\$ 255,132</u>	<u>\$ 160,849</u>	<u>\$ 720,937</u>	<u>\$ 536,095</u>

Concentration of Credit Risk

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

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

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, 2008, were as follows:

Transfer From	Transfer To	2008
Drainage Maintenance	General Drain Improvement	\$ 96,201
Other governmental funds	Other governmental funds	1,491,931
Total		\$ 1,588,132

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 \$70,000 per person per year with a lifetime limit of \$1,000,000. 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 Employees 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 illnesses and injury coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event.

B. Subsequent Events

Beginning in 2009, the State Pension Relief Fund shall pay to each unit of local government with Pre-1977 Local Police and Fire Fighter Pension obligations, the total amount of pension, disability, and survivor benefit payments. The Pre-1977 funds include the 1925 Police Pension Fund, the 1937 Firefighters' Fund, and the 1953 Police Pension Fund. For property taxes due and payable after December 31, 2008, the Indiana Department of Local Government Finance shall reduce the maximum permissible property tax levy of any civil taxing unit and special service district by the amount of the payment to be made in 2009 by the State for the obligations.

C. Other Postemployment Benefits

Single-Employer Defined Benefit Healthcare Plan

Plan Description

The Hancock County Health Plan is a single-employer defined benefit healthcare plan administered by the County. The plan provides health and dental insurance benefits to eligible retirees. Local ordinance 2003-3E assigns the authority to establish and amend benefit provisions to the County.

Funding Policy

The contribution requirements of plan members for the County Health Plan are established by the County Council. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2008, the County contributed \$25,880 to the plan for current premiums.

D. Administration of Welfare Programs

The County is required to provide certain funding for administrative costs of welfare programs, the Hospital Care for the Indigent Program, Medical Assistance to Wards, and Children with Special Health Care Needs through local property tax levies. The County remits those taxes to the State, which pays the cost.

E. Hospital Debt Obligation

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

HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 for the County. Lease rental payments are due semiannually June 30, 2006 through December 31, 2030, and total \$62,441,000. This debt is an obligation of the Hospital, and is not a direct liability of the County itself. Accordingly, no liability is presented by the County.

F. Pension Plans

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

1. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

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

2. County Police Retirement Plan

Plan Description

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

HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

statute (IC 36-8-10-12) for full-time police officers. The plan provides retirement, death, and disability benefits to plan members and beneficiaries. The trustee issues a publicly available financial report that includes financial statements and required supplementary information of the plan. The report may be obtained by contacting the county sheriff.

Funding Policy and Annual Pension Cost

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

3. County Police Benefit Plan

Plan Description

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

Funding Policy and Annual Pension Cost

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

Actuarial Information for the Above Plans

	<u>PERF</u>	<u>County Police Retirement Plan</u>	<u>County Police Benefit Plan</u>
Annual required contribution	\$ 441,756	\$ 318,321	\$ 24,896
Interest on net pension obligation	(1,254)	(614)	-
Adjustment to annual required contribution	<u>1,429</u>	<u>948</u>	<u>-</u>
Annual pension cost	441,931	318,655	24,896
Contributions made	<u>404,036</u>	<u>340,307</u>	<u>24,896</u>
Increase (decrease) in net pension obligation	37,895	(21,652)	-
Net pension obligation, beginning of year	<u>(17,299)</u>	<u>(8,766)</u>	<u>-</u>
Net pension obligation, end of year	<u>\$ 20,596</u>	<u>\$ (30,418)</u>	<u>\$ -</u>

HANCOCK COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

	PERF	County Police Retirement Plan	County Police Benefit Plan
Contribution rates:			
County	6%	22%	4%
Plan members	3%	6%	6%
Actuarial valuation date	07-01-08	01-01-09	01-01-09
Actuarial cost method	Entry age	Frozen initial liability	Aggregate
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
<u>Actuarial Assumptions</u>	PERF	County Police Retirement Plan	County Police Benefit Plan
Investment rate of return	7.25%	7%	7%
Projected future salary increases:			
Total	5%	5%	5%
Attributed to inflation	4%	4%	4%
Attributed to merit/seniority	1%	1%	1%
Cost-of-living adjustments	2%	2%	0%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-06	\$ 364,694	85%	\$ (127,615)
	06-30-07	444,062	75%	(17,299)
	06-30-08	441,931	91%	20,596
County Police Retirement Plan	12-31-06	328,673	101%	15,609
	12-31-07	342,074	107%	(8,766)
	12-31-08	318,655	107%	(30,418)
County Police Benefit Plan	12-31-06	27,854	100%	-
	12-31-07	21,551	100%	-
	12-31-08	24,896	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)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
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%)
07-01-08	6,002,127	6,691,711	(689,584)	90%	7,145,524	(10%)

County Police Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-03	\$ 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%)
01-01-09	6,012,276	7,624,542	(1,612,266)	79%	1,919,185	(84%)

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, 2008

	Local Road and Street	Accident Report	Firearms Training	Health	Clerk's Records Perpetuation	Unsafe Building	Emergency Telephone System
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ 243,940	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	1,108,044	-	-	29,528	-	-	-
Charges for services	-	-	-	105,099	23,829	-	-
Fines and forfeits	-	3,077	-	-	-	-	-
Other	39,808	-	-	15,629	-	-	-
Total receipts	1,147,852	3,077	-	394,196	23,829	-	-
Disbursements:							
General government	-	-	-	-	6,083	-	-
Public safety	-	3,887	29,588	-	-	-	584,156
Highways and streets	874,622	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	422,693	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	499
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	3,110	-	-	-
Total disbursements	874,622	3,887	29,588	425,803	6,083	-	584,655
Excess (deficiency) of receipts over disbursements	273,230	(810)	(29,588)	(31,607)	17,746	-	(584,655)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	506,000
Transfers out	-	-	-	-	-	-	-
Other receipts	2,799	-	32,089	-	-	-	-
Total other financing sources (uses)	2,799	-	32,089	-	-	-	506,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	276,029	(810)	2,501	(31,607)	17,746	-	(78,655)
Cash and investment fund balance - beginning	736,953	4,322	16,433	179,826	11,921	2,185	79,301
Cash and investment fund balance - ending	\$ 1,012,982	\$ 3,512	\$ 18,934	\$ 148,219	\$ 29,667	\$ 2,185	\$ 646
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 29,667	\$ 2,185	\$ -
Restricted assets:							
Cash and investments	1,012,982	3,512	18,934	148,219	-	-	646
Total cash and investment assets - ending	\$ 1,012,982	\$ 3,512	\$ 18,934	\$ 148,219	\$ 29,667	\$ 2,185	\$ 646
Cash and Investment Fund Balance - Ending							
Restricted for:							
Public safety	\$ -	\$ 3,512	\$ 18,934	\$ -	\$ -	\$ -	\$ 646
Highways and streets	1,012,982	-	-	-	-	-	-
Health and welfare	-	-	-	148,219	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	29,667	2,185	-
Total cash and investment fund balance - ending	\$ 1,012,982	\$ 3,512	\$ 18,934	\$ 148,219	\$ 29,667	\$ 2,185	\$ 646

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, 2008
 (Continued)

	Drug Free Community	Emergency Planning/Right To Know	Convention and Tourism	Highway	Prosecutor Title IV-D #1	Recorder's Records Perpetuation	User Fee
Receipts:							
Taxes	\$ -	\$ -	\$ 217,188	\$ 141,581	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	16,875	-	-	-
Intergovernmental	82,541	-	-	3,378,989	-	-	-
Charges for services	-	-	-	-	-	89,932	-
Fines and forfeits	-	-	-	600	-	-	286,670
Other	-	-	-	210,268	-	537	-
Total receipts	82,541	-	217,188	3,748,313	-	90,469	286,670
Disbursements:							
General government	-	-	-	-	-	138,948	-
Public safety	100,000	9,156	-	-	-	-	279,848
Highways and streets	-	-	-	3,774,020	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	20,523	-	-
Culture and recreation	-	-	221,834	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	346,722	-	-	-
Health and welfare	-	-	-	-	-	-	-
Total disbursements	100,000	9,156	221,834	4,120,742	20,523	138,948	279,848
Excess (deficiency) of receipts over disbursements	(17,459)	(9,156)	(4,646)	(372,429)	(20,523)	(48,479)	6,822
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	9,840	23,807	-	28,061
Total other financing sources (uses)	-	-	-	9,840	23,807	-	28,061
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(17,459)	(9,156)	(4,646)	(362,589)	3,284	(48,479)	34,883
Cash and investment fund balance - beginning	104,144	28,566	10,187	1,491,316	42,272	265,365	175,025
Cash and investment fund balance - ending	<u>\$ 86,685</u>	<u>\$ 19,410</u>	<u>\$ 5,541</u>	<u>\$ 1,128,727</u>	<u>\$ 45,556</u>	<u>\$ 216,886</u>	<u>\$ 209,908</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ 19,410	\$ 5,541	\$ -	\$ 45,556	\$ 216,886	\$ 209,908
Restricted assets:							
Cash and investments	86,685	-	-	1,128,727	-	-	-
Total cash and investment assets - ending	<u>\$ 86,685</u>	<u>\$ 19,410</u>	<u>\$ 5,541</u>	<u>\$ 1,128,727</u>	<u>\$ 45,556</u>	<u>\$ 216,886</u>	<u>\$ 209,908</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Public safety	\$ 86,685	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	1,128,727	-	-	-
Health and welfare	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	-	19,410	5,541	-	45,556	216,886	209,908
Total cash and investment fund balance - ending	<u>\$ 86,685</u>	<u>\$ 19,410</u>	<u>\$ 5,541</u>	<u>\$ 1,128,727</u>	<u>\$ 45,556</u>	<u>\$ 216,886</u>	<u>\$ 209,908</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, 2008
 (Continued)

	Welfare Administration	Family and Children	Health Maintenance	Pretrial Diversion	Misdemeanant	Supplemental Public Defender Svc	Medical Assistance to Wards
Receipts:							
Taxes	\$ 31,849	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,921
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	36,674	-	-	93,808	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	7,897	-	-	-
Other	-	-	-	-	34,012	-	-
Total receipts	31,849	-	36,674	7,897	34,012	93,808	3,921
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	26,026	33,963	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	31,849	2,535,621	32,269	-	-	-	3,921
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	1,720	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Total disbursements	31,849	2,535,621	32,269	27,746	33,963	-	3,921
Excess (deficiency) of receipts over disbursements	-	(2,535,621)	4,405	(19,849)	49	93,808	-
Other financing sources (uses):							
Transfers in	-	325,000	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	1,605,725	-	51,951	-	-	-
Total other financing sources (uses)	-	1,930,725	-	51,951	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(604,896)	4,405	32,102	49	93,808	-
Cash and investment fund balance - beginning	-	926,371	52,122	65,063	32,778	31,019	-
Cash and investment fund balance - ending	\$ -	\$ 321,475	\$ 56,527	\$ 97,165	\$ 32,827	\$ 124,827	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ 56,527	\$ 97,165	\$ 32,827	\$ 124,827	\$ -
Restricted assets:							
Cash and investments	-	321,475	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 321,475	\$ 56,527	\$ 97,165	\$ 32,827	\$ 124,827	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	321,475	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	-	-	56,527	97,165	32,827	124,827	-
Total cash and investment fund balance - ending	\$ -	\$ 321,475	\$ 56,527	\$ 97,165	\$ 32,827	\$ 124,827	\$ -

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, 2008
 (Continued)

	Children with Special Health Needs	Clerk Title IV-D #1	Sheriff's Continuing Education	Jury Jury Pay	Sales Disclosure	Community Corrections Grant	DARE
Receipts:							
Taxes	\$ 31,365	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	117,545	-
Charges for services	-	-	-	17,488	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	-	-	7,835	25
Total receipts	31,365	-	-	17,488	-	125,380	25
Disbursements:							
General government	-	-	-	11,914	21,540	-	-
Public safety	-	-	-	-	-	128,134	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	31,365	9,600	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Total disbursements	31,365	9,600	-	11,914	21,540	128,134	-
Excess (deficiency) of receipts over disbursements	-	(9,600)	-	5,574	(21,540)	(2,754)	25
Other financing sources (uses):							
Transfers in	-	-	-	-	-	19,896	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	4,257	-	7,353	-	-
Total other financing sources (uses)	-	-	4,257	-	7,353	19,896	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(9,600)	4,257	5,574	(14,187)	17,142	25
Cash and investment fund balance - beginning	-	13,563	129	23,102	18,340	-	426
Cash and investment fund balance - ending	\$ -	\$ 3,963	\$ 4,386	\$ 28,676	\$ 4,153	\$ 17,142	\$ 451
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ 3,963	\$ 4,386	\$ 28,676	\$ 4,153	\$ 17,142	\$ 451
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 3,963	\$ 4,386	\$ 28,676	\$ 4,153	\$ 17,142	\$ 451
Cash and Investment Fund Balance - Ending							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	-	3,963	4,386	28,676	4,153	17,142	451
Total cash and investment fund balance - ending	\$ -	\$ 3,963	\$ 4,386	\$ 28,676	\$ 4,153	\$ 17,142	\$ 451

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, 2008
 (Continued)

	Operation Pullover	Children's Psychiatric Residential Treatment	Homeland Security	Prosecutor Title Title IV-D #2	Clerk Title IV-D #2	Juvenile Probation #2	HAVA Section 102
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	14,903	-	-	-	-	-	-
Charges for services	-	7,926	-	-	-	21,110	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	14,903	7,926	-	-	-	21,110	-
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	20,787	-	-	-	-	20,339	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	121,785	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Total disbursements	20,787	121,785	-	-	-	20,339	-
Excess (deficiency) of receipts over disbursements	(5,884)	(113,859)	-	-	-	771	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	(325,000)	-	-	-	-	-
Other receipts	-	-	-	-	15,823	-	-
Total other financing sources (uses)	-	(325,000)	-	-	15,823	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,884)	(438,859)	-	-	15,823	771	-
Cash and investment fund balance - beginning	3,049	706,948	2,302	1,712	-	29,064	47,596
Cash and investment fund balance - ending	<u>\$ (2,835)</u>	<u>\$ 268,089</u>	<u>\$ 2,302</u>	<u>\$ 1,712</u>	<u>\$ 15,823</u>	<u>\$ 29,835</u>	<u>\$ 47,596</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ (2,835)	\$ 268,089	\$ 2,302	\$ 1,712	\$ 15,823	\$ 29,835	\$ 47,596
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ (2,835)</u>	<u>\$ 268,089</u>	<u>\$ 2,302</u>	<u>\$ 1,712</u>	<u>\$ 15,823</u>	<u>\$ 29,835</u>	<u>\$ 47,596</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	(2,835)	268,089	2,302	1,712	15,823	29,835	47,596
Total cash and investment fund balance - ending	<u>\$ (2,835)</u>	<u>\$ 268,089</u>	<u>\$ 2,302</u>	<u>\$ 1,712</u>	<u>\$ 15,823</u>	<u>\$ 29,835</u>	<u>\$ 47,596</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, 2008
 (Continued)

	HAVA Section 101	Cornerstone Perpetuation	Reassessment	Auditor Transfer Fee	Identification Security Protection	Assessment Training	Sheriff Drug Seizure
Receipts:							
Taxes	\$ -	\$ -	\$ 257,613	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	13,900	-	16,395	-	-	18,440
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	18,799	-	-	21,520	-
Total receipts	-	13,900	276,412	16,395	-	21,520	18,440
Disbursements:							
General government	-	1,202	508,214	21,714	9,163	9,169	-
Public safety	-	-	-	-	-	-	4,095
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	7,294	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Total disbursements	-	1,202	515,508	21,714	9,163	9,169	4,095
Excess (deficiency) of receipts over disbursements	-	12,698	(239,096)	(5,319)	(9,163)	12,351	14,345
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	26,311	-	-
Total other financing sources (uses)	-	-	-	-	26,311	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	12,698	(239,096)	(5,319)	17,148	12,351	14,345
Cash and investment fund balance - beginning	11,604	15,619	728,561	15,535	34,916	14,343	2,187
Cash and investment fund balance - ending	<u>\$ 11,604</u>	<u>\$ 28,317</u>	<u>\$ 489,465</u>	<u>\$ 10,216</u>	<u>\$ 52,064</u>	<u>\$ 26,694</u>	<u>\$ 16,532</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 11,604	\$ 28,317	\$ 489,465	\$ 10,216	\$ 52,064	\$ 26,694	\$ 16,532
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 11,604</u>	<u>\$ 28,317</u>	<u>\$ 489,465</u>	<u>\$ 10,216</u>	<u>\$ 52,064</u>	<u>\$ 26,694</u>	<u>\$ 16,532</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Unrestricted	11,604	28,317	489,465	10,216	52,064	26,694	16,532
Total cash and investment fund balance - ending	<u>\$ 11,604</u>	<u>\$ 28,317</u>	<u>\$ 489,465</u>	<u>\$ 10,216</u>	<u>\$ 52,064</u>	<u>\$ 26,694</u>	<u>\$ 16,532</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, 2008
 (Continued)

	Drug Court	Supplemental Adult Probation	Superior II Transcript	Circuit Court Transcript	Drug Screen Probation	Child Abuse Prevention Fee
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	8,870	-	-	-	-	-
Charges for services	-	-	352	-	-	-
Fines and forfeits	4,836	166,134	-	-	11,445	-
Other	18,330	-	-	-	-	-
Total receipts	32,036	166,134	352	-	11,445	-
Disbursements:						
General government	-	187,380	352	1,411	-	-
Public safety	19,287	-	-	-	14,627	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	4,310	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Total disbursements	19,287	191,690	352	1,411	14,627	-
Excess (deficiency) of receipts over disbursements	12,749	(25,556)	-	(1,411)	(3,182)	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	35
Total other financing sources (uses)	-	-	-	-	-	35
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	12,749	(25,556)	-	(1,411)	(3,182)	35
Cash and investment fund balance - beginning	(6,453)	126,616	103	-	13,056	-
Cash and investment fund balance - ending	\$ 6,296	\$ 101,060	\$ 103	\$ (1,411)	\$ 9,874	\$ 35
Cash and Investment Assets - Ending						
Cash and investments	\$ 6,296	\$ 101,060	\$ 103	\$ (1,411)	\$ 9,874	\$ 35
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 6,296	\$ 101,060	\$ 103	\$ (1,411)	\$ 9,874	\$ 35
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	6,296	101,060	103	(1,411)	9,874	35
Total cash and investment fund balance - ending	\$ 6,296	\$ 101,060	\$ 103	\$ (1,411)	\$ 9,874	\$ 35

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, 2008
 (Continued)

	Community Corrections Project Income #1	Courthouse Renovation	Gal/Casa Services	Hancock Area Rural Transit	New Tobacco Money	Substance Abuse
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	21,944	175,072	28,753	-
Charges for services	-	-	-	-	-	254,692
Fines and forfeits	-	-	-	-	-	-
Other	488,120	-	-	-	-	-
Total receipts	488,120	-	21,944	175,072	28,753	254,692
Disbursements:						
General government	-	-	-	175,072	-	-
Public safety	476,210	-	-	-	-	355,421
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	33,041	-	31,314	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	154,333	-	-	-	-
Public safety	52,584	-	-	-	-	78
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	200	-
Total disbursements	528,794	154,333	33,041	175,072	31,514	355,499
Excess (deficiency) of receipts over disbursements	(40,674)	(154,333)	(11,097)	-	(2,761)	(100,807)
Other financing sources (uses):						
Transfers in	64,411	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	64,411	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	23,737	(154,333)	(11,097)	-	(2,761)	(100,807)
Cash and investment fund balance - beginning	-	154,612	6,588	-	73,480	124,264
Cash and investment fund balance - ending	\$ 23,737	\$ 279	\$ (4,509)	\$ -	\$ 70,719	\$ 23,457
Cash and Investment Assets - Ending						
Cash and investments	\$ 23,737	\$ 279	\$ (4,509)	\$ -	\$ 70,719	\$ 23,457
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 23,737	\$ 279	\$ (4,509)	\$ -	\$ 70,719	\$ 23,457
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	23,737	279	(4,509)	-	70,719	23,457
Total cash and investment fund balance - ending	\$ 23,737	\$ 279	\$ (4,509)	\$ -	\$ 70,719	\$ 23,457

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, 2008
 (Continued)

	Health Department Donations	Health Care for the Indigent	Bio-Terrorism Grant	Conservation Training	E911 Landline Revenue	E911 Bond and Interest
Receipts:						
Taxes	\$ -	\$ 164,665	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	69,905	-	-	-
Charges for services	-	-	-	-	873,275	-
Fines and forfeits	-	-	-	-	-	-
Other	149	-	-	-	-	-
Total receipts	149	164,665	69,905	-	873,275	-
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	399	164,665	45,439	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	212,000
Interest	-	-	-	-	-	39,624
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	5,140	-	-	-
Total disbursements	399	164,665	50,579	-	-	251,624
Excess (deficiency) of receipts over disbursements	(250)	-	19,326	-	873,275	(251,624)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	251,624
Transfers out	-	-	-	-	(757,624)	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(757,624)	251,624
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(250)	-	19,326	-	115,651	-
Cash and investment fund balance - beginning	621	-	32,810	96	242,718	-
Cash and investment fund balance - ending	<u>\$ 371</u>	<u>\$ -</u>	<u>\$ 52,136</u>	<u>\$ 96</u>	<u>\$ 358,369</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 371	\$ -	\$ 52,136	\$ 96	\$ 358,369	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 371</u>	<u>\$ -</u>	<u>\$ 52,136</u>	<u>\$ 96</u>	<u>\$ 358,369</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	371	-	52,136	96	358,369	-
Total cash and investment fund balance - ending	<u>\$ 371</u>	<u>\$ -</u>	<u>\$ 52,136</u>	<u>\$ 96</u>	<u>\$ 358,369</u>	<u>\$ -</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, 2008
 (Continued)

	E911 Wireless Revenue	Education Plate	JAIBG Jobs Grant	IDEM Grant	Safe-T Grant	State/City Law Enforcement Education
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	31,848	-	-	-	-	-
Charges for services	-	-	-	8,445	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	4,650	-	-	-	-
Total receipts	31,848	4,650	-	8,445	-	-
Disbursements:						
General government	-	4,425	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	6,755	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Total disbursements	-	4,425	-	6,755	-	-
Excess (deficiency) of receipts over disbursements	31,848	225	-	1,690	-	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	31,848	225	-	1,690	-	-
Cash and investment fund balance - beginning	-	-	395	7,610	(2,641)	663
Cash and investment fund balance - ending	\$ 31,848	\$ 225	\$ 395	\$ 9,300	\$ (2,641)	\$ 663
Cash and Investment Assets - Ending						
Cash and investments	\$ 31,848	\$ 225	\$ 395	\$ 9,300	\$ (2,641)	\$ 663
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 31,848	\$ 225	\$ 395	\$ 9,300	\$ (2,641)	\$ 663
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	31,848	225	395	9,300	(2,641)	663
Total cash and investment fund balance - ending	\$ 31,848	\$ 225	\$ 395	\$ 9,300	\$ (2,641)	\$ 663

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, 2008
 (Continued)

	Superior I Transcript	Community Corrections Grant #1	Community Corrections Grant #2	Community Corrections Project Income #2	Community Corrections Construction Bond	Emergency Operations Center Construction Bond
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 162,626	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	79,447	200,356	19,684	-
Charges for services	5,135	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	-	-	238,266
Total receipts	5,135	-	79,447	200,356	182,310	238,266
Disbursements:						
General government	8,552	-	-	-	-	-
Public safety	-	-	78,592	473,842	563	1,495,753
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service:						
Principal	-	-	-	-	155,000	-
Interest	-	-	-	-	32,450	100,189
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	56,671	-	1,726,935
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Total disbursements	8,552	-	78,592	530,513	188,013	3,322,877
Excess (deficiency) of receipts over disbursements	(3,417)	-	855	(330,157)	(5,703)	(3,084,611)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	(12,923)	(6,973)	(64,411)	-	-
Other receipts	-	-	-	-	-	19,937
Total other financing sources (uses)	-	(12,923)	(6,973)	(64,411)	-	19,937
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,417)	(12,923)	(6,118)	(394,568)	(5,703)	(3,064,674)
Cash and investment fund balance - beginning	3,606	12,923	6,118	394,568	93,010	3,304,793
Cash and investment fund balance - ending	<u>\$ 189</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,307</u>	<u>\$ 240,119</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 189	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	87,307	240,119
Total cash and investment assets - ending	<u>\$ 189</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,307</u>	<u>\$ 240,119</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Debt service	-	-	-	-	87,307	240,119
Capital outlay	-	-	-	-	-	-
Unrestricted	189	-	-	-	-	-
Total cash and investment fund balance - ending	<u>\$ 189</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,307</u>	<u>\$ 240,119</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, 2008
 (Continued)

	Courthouse Renovation Bond	Courthouse Annex Bond	Cumulative Capital Development	Sheriff's Commissary	Excess Levy	Totals
Receipts:						
Taxes	\$ 586,867	\$ 1,060,605	\$ 579,798	\$ -	\$ -	\$ 3,482,018
Licenses and permits	-	-	-	-	-	16,875
Intergovernmental	71,332	128,089	70,181	-	-	5,767,513
Charges for services	-	-	-	-	-	1,456,018
Fines and forfeits	-	-	-	-	-	480,659
Other	-	-	-	154,951	-	1,252,899
Total receipts	658,199	1,188,694	649,979	154,951	-	12,455,982
Disbursements:						
General government	863	963	61,558	-	-	1,168,523
Public safety	-	-	-	176,046	-	4,330,320
Highways and streets	-	-	-	-	-	4,648,642
Sanitation	-	-	-	-	-	6,755
Health and welfare	-	-	-	-	-	3,484,484
Culture and recreation	-	-	-	-	-	221,834
Debt service:						
Principal	610,000	1,000,000	-	-	-	1,977,000
Interest	139,671	198,313	-	-	-	510,247
Capital outlay:						
General government	-	-	355,737	-	-	521,674
Public safety	-	-	-	-	-	1,838,487
Highways and streets	-	-	-	-	-	346,722
Health and welfare	-	-	-	-	-	8,450
Total disbursements	750,534	1,199,276	417,295	176,046	-	19,063,138
Excess (deficiency) of receipts over disbursements	(92,335)	(10,582)	232,684	(21,095)	-	(6,607,156)
Other financing sources (uses):						
Transfers in	-	-	-	-	325,000	1,491,931
Transfers out	-	-	-	-	(325,000)	(1,491,931)
Other receipts	-	-	-	-	-	1,827,988
Total other financing sources (uses)	-	-	-	-	-	1,827,988
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(92,335)	(10,582)	232,684	(21,095)	-	(4,779,168)
Cash and investment fund balance - beginning	460,229	588,824	-	70,564	39,342	11,672,680
Cash and investment fund balance - ending	\$ 367,894	\$ 578,242	\$ 232,684	\$ 49,469	\$ 39,342	\$ 6,893,512
Cash and Investment Assets - Ending						
Cash and investments	\$ 367,894	\$ -	\$ -	\$ -	\$ 39,342	\$ 2,984,511
Restricted assets:						
Cash and investments	-	578,242	232,684	49,469	-	3,909,001
Total cash and investment assets - ending	\$ 367,894	\$ 578,242	\$ 232,684	\$ 49,469	\$ 39,342	\$ 6,893,512
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ 49,469	\$ -	\$ 159,246
Highways and streets	-	-	-	-	-	2,141,709
Health and welfare	-	-	-	-	-	469,694
Debt service	-	578,242	-	-	-	905,668
Capital outlay	-	-	232,684	-	-	232,684
Unrestricted	367,894	-	-	-	39,342	2,984,511
Total cash and investment fund balance - ending	\$ 367,894	\$ 578,242	\$ 232,684	\$ 49,469	\$ 39,342	\$ 6,893,512

HANCOCK COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2008

	City and Town Court Costs	Congressional School Interest	Surplus Tax Sale	Tax Sale Redemption	Surplus Tax	State Fair Board	State Sales Disclosure Fee
Additions:							
Agency fund additions	\$ 29,133	\$ 41,641	\$ 1,113,084	\$ 53,558	\$ 179,777	\$ 31,365	\$ 7,398
Deductions:							
Agency fund deductions	28,604	40,947	336,071	65,381	169,866	31,365	7,360
Excess (deficiency) of total additions over total deductions	529	694	777,013	(11,823)	9,911	-	38
Cash and investment fund balance - beginning	1,948	23,183	355,185	14,322	32,578	-	2,560
Cash and investment fund balance - ending	<u>\$ 2,477</u>	<u>\$ 23,877</u>	<u>\$ 1,132,198</u>	<u>\$ 2,499</u>	<u>\$ 42,489</u>	<u>\$ -</u>	<u>\$ 2,598</u>

HANCOCK COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	State Forestry Tax	Overweight Vehicle Fines	Infraction Judgements	Inheritance Tax	Payroll	Welfare Trust
Additions:						
Agency fund additions	\$ 62,730	\$ 3,522	\$ 189,464	\$ 1,349,832	\$ 6,531,847	\$ 3,240
Deductions:						
Agency fund deductions	62,730	2,426	181,067	1,294,922	7,262,503	3,510
Excess (deficiency) of total additions over total deductions	-	1,096	8,397	54,910	(730,656)	(270)
Cash and investment fund balance - beginning	-	-	8,787	380,230	1,093,608	775
Cash and investment fund balance - ending	\$ -	\$ 1,096	\$ 17,184	\$ 435,140	\$ 362,952	\$ 505

HANCOCK COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	Tax Distributions	Bids, Bonds, Deposits	Delinquent Sewer Assessment	Delinquent Weed Assessment	Pension Trust Clearing	Coroner Education Fees
Additions:						
Agency fund additions	\$ 112,852,845	\$ 25,325	\$ 40,644	\$ 9,194	\$ 32,081	\$ 5,528
Deductions:						
Agency fund deductions	115,995,558	24,000	40,644	7,681	29,208	5,696
Excess (deficiency) of total additions over total deductions	(3,142,713)	1,325	-	1,513	2,873	(168)
Cash and investment fund balance - beginning	3,498,414	81,950	-	-	(2,988)	648
Cash and investment fund balance - ending	<u>\$ 355,701</u>	<u>\$ 83,275</u>	<u>\$ -</u>	<u>\$ 1,513</u>	<u>\$ (115)</u>	<u>\$ 480</u>

HANCOCK COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	Special Death Benefits	Interstate Transfer Fee	Fines and Forfeitures	State Mortgage Fee	Library Ptrc/Cedit	Redevelopment Bond
Additions:						
Agency fund additions	\$ 6,856	\$ 450	\$ 32,582	\$ 8,610	\$ 6,123,975	\$ 36,032
Deductions:						
Agency fund deductions	6,496	600	29,456	8,828	5,634,961	36,032
Excess (deficiency) of total additions over total deductions	360	(150)	3,126	(218)	489,014	-
Cash and investment fund balance - beginning	-	150	1,297	-	2,917,284	-
Cash and investment fund balance - ending	<u>\$ 360</u>	<u>\$ -</u>	<u>\$ 4,423</u>	<u>\$ (218)</u>	<u>\$ 3,406,298</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, 2008
 (Continued)

	Board of Health	Sheriff	Sheriff Inmate Trust	Community Corrections	Clerk of the Circuit Court	Recorder
Additions:						
Agency fund additions	\$ 119,725	\$ 1,798,611	\$ 230,408	\$ 1,003,252	\$ 8,800,214	\$ 316,312
Deductions:						
Agency fund deductions	119,035	1,835,642	228,800	709,166	8,938,374	318,532
Excess (deficiency) of total additions over total deductions	690	(37,031)	1,608	294,086	(138,160)	(2,220)
Cash and investment fund balance - beginning	1,794	45,918	7,916	137,100	2,734,236	25,433
Cash and investment fund balance - ending	<u>\$ 2,484</u>	<u>\$ 8,887</u>	<u>\$ 9,524</u>	<u>\$ 431,186</u>	<u>\$ 2,596,076</u>	<u>\$ 23,213</u>

HANCOCK COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	Treasurer	Surveyor	Area Planning Commission	Probation	Substance Abuse	Totals
Additions:						
Agency fund additions	\$ 99,961,378	\$ 45,744	\$ 318,815	\$ 197,754	\$ 38,735	\$ 241,601,661
Deductions:						
Agency fund deductions	99,347,685	45,739	323,637	198,988	39,060	243,410,570
Excess (deficiency) of total additions over total deductions	613,693	5	(4,822)	(1,234)	(325)	(1,808,909)
Cash and investment fund balance - beginning	1,259,457	-	17,111	11,997	1,215	12,652,108
Cash and investment fund balance - ending	<u>\$ 1,873,150</u>	<u>\$ 5</u>	<u>\$ 12,289</u>	<u>\$ 10,763</u>	<u>\$ 890</u>	<u>\$ 10,843,199</u>

HANCOCK COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2008

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	8,649,341
Construction in progress	<u>1,300,171</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 30,619,615</u>

HANCOCK COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2008

The County has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Notes and loans payable	\$ 37,919	\$ 39,800
Bonds payable:		
General obligation bonds:		
2001 Community corrections center	620,000	190,520
2002 Courthouse annex	5,205,000	1,222,938
2005 Courthouse renovation	3,895,000	760,949
2007 Emergency operations center	4,000,000	437,000
Revenue bonds:		
2001 E911 emergency telephone system	693,000	249,304
Total governmental activities debt	<u>\$ 14,450,919</u>	<u>\$ 2,900,511</u>

HANCOCK COUNTY
OTHER REPORTS

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

County Auditor
Clerk of the Circuit Court

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF 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, 2008. 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, 2008. 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 item 2008-2.

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 item 2008-2 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 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

December 21, 2009

HANCOCK COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2008

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>			
Direct Grant			
Bulletproof Vest Partnership Program	16.607	none	\$ <u>7,895</u>
Pass-Through Indiana Criminal Justice Institute			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2005-DJ-BX-0759 06-DJ-02	8,870 <u>13,999</u>
Total for program			<u>22,869</u>
Total for federal grantor agency			<u>30,764</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Criminal Justice Institute			
Highway Safety Cluster			
State and Community Highway Safety	20.600		
Electric Ticketing		PT-08-04-01-53	4,902
Alcohol Traffic Safety and Drunk Driving	20.601		
DUI Grant Prevention and Incentive Grants		CO-2009-03-03-35	5,000
Safety Incentive Grants for Use of Seatbelts	20.604		
Big City/ Big County Safety Belt		PT-08-04-01-04	<u>5,000</u>
Total for cluster			<u>14,902</u>
Pass-Through Indiana Department of Transportation			
Formula Grants for Other Than Urbanized Areas			
Senior Citizen's Transportation Grant	20.509	2008	<u>164,232</u>
Total for federal grantor agency			<u>179,134</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through Indiana Department of Health			
Centers for Disease Control and Prevention - Investigations and Technical Assistance			
Bio-terrorism Grant	93.283	BPRS129-2	<u>57,905</u>
Pass-Through Indiana Department of Child Services			
Child Support Enforcement	93.563		
Child Support - Earned Indirect Costs		2008	48,849
County Prosecutor Expenditures		2008	217,678
Clerk of the Circuit Court Expenditures		2008	31,142
Incentive		2008	<u>63,443</u>
Total for program			<u>361,112</u>
Total for federal grantor agency			<u>419,017</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)			
Tornadoes	97.036	1766	<u>52,904</u>
Emergency Management Performance Grants	97.042		
		C44P9-390A	2,923
		C44P-8-238A	<u>13,459</u>
Total for program			<u>16,382</u>
Total for federal grantor agency			<u>69,286</u>
Total federal awards expended			<u>\$ <u>698,201</u></u>

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

HANCOCK COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the 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.

II. Subrecipients

Of the federal expenditures presented in the schedule, the County provided federal awards to subrecipients as follows for the year ended December 31, 2008:

Program Title	Federal CFDA Number	2008
Formula Grants for Other than Urbanized Areas	20.509	<u>\$ 164,232</u>

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 2008-1, 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.

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.

HANCOCK COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

Section III – Federal Award Findings and Questioned Costs

FINDING 2008-2, CONTROL DEFICIENCY - ALLOWABLE COSTS/COST PRINCIPLES

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

Unallowable costs were charged to the Child Support Enforcement program by the Clerk of the Circuit Court. In 2008, the Clerk's office purchased bulk amounts of office supplies from "The Rookie Shop," which was owned by former Auditor, Linda Grass. These purchases included items such as mailing envelopes, traffic jackets, file folders, plastic 3-ring binders, and letterhead. The appropriate purchasing process was not followed. The Rookie Shop did not ship the supplies when they were ordered. Instead, invoices were paid by the County and Clerk's office personnel were told the supplies would be housed at the store's location in Robinson, Illinois. The Clerk of the Circuit Court would notify Ms. Grass when supplies were needed and Ms. Grass would deliver them to the Clerk's office. The Clerk's office did not keep an inventory of items purchased from The Rookie Shop, nor did they keep an inventory of items already received from The Rookie Shop. Therefore, we were unable to determine what office supplies, if any, were actually received from The Rookie Shop. We were also unable to determine the amount of office supplies that remained at The Rookie Shop. As a result, reimbursement of \$956 for nonrelated IV-D program costs was requested and received.

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:

- a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards. . . .
- e. Be consistent with policies, regulations, and procedures that apply uniformly to both Federal awards and other activities of the governmental unit. . . .
- j. Be adequately documented."

Failure to adequately document an inventory of supplies purchased from The Rookie Shop and items remaining at The Rookie Shop made it impossible to determine if all supplies purchased were actually received. This resulted in unallowable costs charges to the Child Support Enforcement Program.

HANCOCK COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

We recommended that the Clerk of the Circuit Court abide by the purchasing process established by Hancock County. All items ordered from an outside vendor should be received prior to any payment being made. Procedures should be set in place that would provide reasonable assurance that only costs that are related to the Child Support Enforcement Program are charged to the program and that these costs are supported by the underlying accounting records. The Clerk of the Circuit Court should keep an inventory of items purchased from outside vendors to insure that these items are received and that unnecessary supplies are not ordered and charged to the Title IV-D program.



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



Dean Dobbins

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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 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.

Dean Dobbins, Hancock County Prosecuting Attorney

7-29-09

Date



Office of
SHARI BURRIS



Clerk of Hancock Circuit and Superior Courts

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

Summary Schedule of Prior Audit Findings

Finding 2007-3, Significant Deficiency – Special Tests and Provisions

Original State Board of Accounts Audit Report Number B33309

Audit Period: January 1, 2007 to December 31, 2007

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 moved forward with the balancing of the ISETS account to November of 2006. This balancing was done with the help of a financial consultant working with us to bring the account up to date. We have also worked with the ISETS Help desk to correct errors as they were found. This balancing process will continue until we are current.

Finding 2007-4, Control Deficiency – Allowable Costs/Cost principals/Reporting

Original State Board of Accounts Audit Report Number B33309

Audit period: January 1, 2007 to December 31, 2007

Auditee Contact Person: Shari Burris

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

Phone Number: 317-477-1109

A closer review of the reimbursement claims is done each month. All errors and questions are brought to the attention of the company that processes these claims for us. The claims are then corrected so that only costs related to the Child Support Enforcement Program are included.

Shari Burris
Clerk of Circuit and
Superior Courts
Hancock Co., Indiana



Office of
SHARI BURRIS

Clerk of Hancock Circuit and Superior Courts

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

Corrective Action Plan

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, 2009

Section II Finding No. 2008-1 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. 2008-2 Significant Deficiency - Allowable Costs/Cost Principals

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

11-4-09
Date

HANCOCK COUNTY
EXIT CONFERENCE

The contents of this report were discussed on December 21, 2009, with Derek Towle, President of the Board of County Commissioners; William Bolander, President of the County Council; and Robin Lowder, Auditor. The officials concurred with our audit findings.