

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2765**

ANNUAL FINANCIAL REPORT

2005

SULLIVAN COUNTY, INDIANA



**FILED**

11/17/2006



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Jean Harris	03-28-04 to 03-27-08
Treasurer	June Ladson	03-01-01 to 12-31-09
Clerk	Rochelle Parris	07-24-00 to 03-27-08
Sheriff	John Waterman	01-01-03 to 12-31-06
Recorder	Brenda Howard	01-01-03 to 12-31-06
President of the Board of County Commissioners	Ray McCammon Chris Atkinson	01-01-05 to 12-31-05 01-01-06 to 12-31-06
President of the County Council	Sonner Faught	01-01-05 to 12-31-06



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF SULLIVAN COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sullivan County (County), as of and for the year ended December 31, 2005, 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.

In our opinion, 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, 2005, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated October 16, 2006, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the County taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

The Schedule of Funding Progress, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The County has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Combining Schedules, as listed in the table of contents, are presented for additional analysis and are not a required part 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.

STATE BOARD OF ACCOUNTS

October 16, 2006



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

TO: THE OFFICIALS OF SULLIVAN COUNTY, INDIANA

We have audited the financial statements of Sullivan County (County), as of and for the year ended December 31, 2005, and have issued our report thereon dated October 16, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

STATE BOARD OF ACCOUNTS

October 16, 2006

SULLIVAN COUNTY  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2005

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>			<u>Net (Disbursement) Receipt and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governmental Governmental Activities</u>
Primary government:					
Governmental activities:					
General government	\$ 7,157,785	\$ 363,869	\$ 164,399	\$ -	\$ (6,629,517)
Public safety	1,305,467	51,171	124,384	-	(1,129,912)
Highways and streets	3,200,058	-	2,439,799	-	(760,259)
Health and welfare	1,536,112	595,851	106,338	-	(833,923)
Culture and recreation	916,354	847,511	2,318	-	(66,525)
Urban redevelopment and housing	20,028	-	-	-	(20,028)
Capital outlay	1,436,015	-	-	1,018,054	(417,961)
Employee health care	1,198,349	-	-	-	(1,198,349)
<b>Total primary government</b>	<b><u>\$ 16,770,168</u></b>	<b><u>\$ 1,858,402</u></b>	<b><u>\$ 2,837,238</u></b>	<b><u>\$ 1,018,054</u></b>	<b><u>(11,056,474)</u></b>
General receipts:					
Property taxes					6,494,803
Other local sources					2,574,654
Other:					
Employee health care contributions					<u>1,525,885</u>
<b>Total general receipts</b>					<u>10,595,342</u>
<b>Change in net assets</b>					<b>(461,132)</b>
<b>Net assets - beginning</b>					<u>8,967,452</u>
<b>Net assets - ending</b>					<b><u>\$ 8,506,320</u></b>
<u>Assets</u>					
Cash and cash equivalents					\$ 4,273,062
Restricted assets:					
Cash and cash equivalents					<u>4,233,258</u>
<b>Total assets</b>					<b><u>\$ 8,506,320</u></b>
<u>Net Assets</u>					
Restricted for:					
Culture and recreation					\$ 489,300
Employee health care					1,152,811
Other purposes					5,514,807
Unrestricted					<u>1,349,402</u>
<b>Total net assets</b>					<b><u>\$ 8,506,320</u></b>

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

SULLIVAN 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, 2005

	General	County Highway	Old Property Reassessment	Highway 54	Other Governmental Funds	Totals
<b>Receipts:</b>						
Taxes	\$ 4,231,143	\$ 339,258	\$ 216,699	\$ -	\$ 1,707,703	\$ 6,494,803
Licenses and permits	-	-	-	-	19,200	19,200
Intergovernmental	156,927	2,241,575	7,472	-	1,449,318	3,855,292
Charges for services	169,891	-	-	-	1,688,511	1,858,402
Fines and forfeits	106,180	-	-	-	588,362	694,542
Other	525,394	626,028	27,634	16,686	665,170	1,860,912
<b>Total receipts</b>	<b>5,189,535</b>	<b>3,206,861</b>	<b>251,805</b>	<b>16,686</b>	<b>6,118,264</b>	<b>14,783,151</b>
<b>Disbursements:</b>						
General government	5,969,731	-	134,676	-	1,053,378	7,157,785
Public safety	-	-	-	-	1,305,467	1,305,467
Highways and streets	-	2,984,211	-	-	215,847	3,200,058
Health and welfare	-	-	-	-	1,536,112	1,536,112
Culture and recreation	-	-	-	-	916,354	916,354
Urban redevelopment and housing	-	-	-	-	20,028	20,028
Capital outlay	-	-	-	-	1,436,015	1,436,015
<b>Total disbursements</b>	<b>5,969,731</b>	<b>2,984,211</b>	<b>134,676</b>	<b>-</b>	<b>6,483,201</b>	<b>15,571,819</b>
Excess (deficiency) of receipts over disbursements	(780,196)	222,650	117,129	16,686	(364,937)	(788,668)
Cash basis fund balance - beginning	2,129,598	903,545	922,399	741,251	3,445,384	8,142,177
Cash basis fund balance - ending	<u>\$ 1,349,402</u>	<u>\$ 1,126,195</u>	<u>\$ 1,039,528</u>	<u>\$ 757,937</u>	<u>\$ 3,080,447</u>	7,353,509
Amounts reported for governmental activities in the Statement of Net Assets 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 Net Assets.						1,152,811
Net assets of governmental activities						<u>\$ 8,506,320</u>
<u>Cash Basis Assets - December 31</u>						
Cash and cash equivalents	\$ 1,349,402	\$ 1,126,195	\$ 1,039,528	\$ 757,937	\$ -	\$ 4,273,062
Restricted assets:						
Cash and cash equivalents	-	-	-	-	3,080,447	3,080,447
<b>Total cash basis assets - December 31</b>	<b><u>\$ 1,349,402</u></b>	<b><u>\$ 1,126,195</u></b>	<b><u>\$ 1,039,528</u></b>	<b><u>\$ 757,937</u></b>	<b><u>\$ 3,080,447</u></b>	<b><u>\$ 7,353,509</u></b>
<u>Cash Basis Fund Balance - December 31</u>						
Restricted for:						
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ 489,300	\$ 489,300
Other purposes	-	1,126,195	1,039,528	757,937	2,591,147	5,514,807
Unrestricted	1,349,402	-	-	-	-	1,349,402
<b>Total cash basis fund balance - December 31</b>	<b><u>\$ 1,349,402</u></b>	<b><u>\$ 1,126,195</u></b>	<b><u>\$ 1,039,528</u></b>	<b><u>\$ 757,937</u></b>	<b><u>\$ 3,080,447</u></b>	<b><u>\$ 7,353,509</u></b>

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

SULLIVAN COUNTY  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
As of and for the Year Ended December 31, 2005

	<u>Internal Service Funds</u>
Operating receipts:	
Other	\$ 1,525,885
Operating disbursements:	
Insurance claims and premiums	<u>1,198,349</u>
Excess of receipts over disbursements	<u>327,536</u>
Cash basis fund balance - beginning	<u>825,275</u>
Cash basis fund balance - ending	<u>\$ 1,152,811</u>
<u>Cash Basis Assets - December 31</u>	
Cash and cash equivalents	<u>\$ 1,152,811</u>
<u>Cash Basis Fund Balance - December 31</u>	
Restricted for:	
Employee health care	<u>\$ 1,152,811</u>

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

SULLIVAN COUNTY  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2005

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Employer	\$ 44,500	\$ -	\$ -
Plan members	8,956	-	-
Other	-	5,000	-
	<u>53,456</u>	<u>5,000</u>	<u>-</u>
Total contributions			
Investment earnings:			
Net increase in fair value of investments	25,028	-	-
Interest and dividends	31,207	10,324	-
	<u>56,235</u>	<u>10,324</u>	<u>-</u>
Net investment earnings			
Agency fund additions	-	-	39,089,529
	<u>109,691</u>	<u>15,324</u>	<u>39,089,529</u>
Total additions			
Deductions:			
Benefits	36,814	-	-
Administrative and general	15,532	2,133	-
Agency fund deductions	-	-	39,108,569
	<u>52,346</u>	<u>2,133</u>	<u>39,108,569</u>
Total deductions			
Excess (deficiency) of total additions over total deductions	57,345	13,191	(19,040)
Cash and cash equivalents - beginning	<u>735,281</u>	<u>321,065</u>	<u>1,136,343</u>
Cash and cash equivalents - ending	<u>\$ 792,626</u>	<u>\$ 334,256</u>	<u>\$ 1,117,303</u>

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

SULLIVAN 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: Sullivan County

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

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis display 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 non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

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

The County reports the following major governmental funds:

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

The county highway fund accounts for the maintenance of county roads within Sullivan County.

The old property reassessment fund accounts for cost of real and personal property reassessment.

The Highway 54 fund accounts for the maintenance of Highway 54 within Sullivan County.

SULLIVAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Additionally, the County reports the following fund types:

The internal service fund (health benefits fund) provided to other departments on a cost-reimbursement basis.

The pension trust funds account for the activities of the Sheriff's Pension Trust and the Sheriff's Benefit pension funds, which accumulate resources for pension benefit payments.

The private-purpose trust fund report trust arrangements under which principal and income benefit the Sullivan County school corporations and future landfill closure.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Capital Assets

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

SULLIVAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

3. Long-Term Debt

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

4. Equity Classification

Government-Wide Statements

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

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

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

Fund Financial Statements

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

E. Receipts and Disbursements

1. Program Receipts

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

2. Operating Receipts and Disbursements

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.

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.

SULLIVAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

Budgetary Information

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

On or before August 31, 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.

SULLIVAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 16-22-3-15 requires only that money in the hospital funds be deposited in the manner determined by the governing board. The Hospital has a formal policy regarding custodial credit risk for deposits. Deposits and investments are limited to local financial institutions that are members of the Indiana Board of Depositories which allows unlimited insurance coverage for public deposits above the \$100,000 insured by the Federal Deposit Insurance Corporation (FDIC).

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. As of December 31, 2005, the County had the following investments:

Investment Type	Primary <u>Government</u> Market Value
Mutual Funds	\$ 120,650
Corporate Bonds	90,813
Corporate Stocks	448,116
U.S. Treasuries and Securities	451,841
Total	\$ 1,111,420

Investment Policies

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

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the County and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of

SULLIVAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
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America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of or interest in an investment company or investment trust must be rated as AAA or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

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

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The County does not have a formal investment policy for custodial credit risk for investments. At December 31, 2005, the County held investments in the amount of \$1,111,420. These investments were held by the counterparty's trust department or agent but not in the County's name.

Interest Rate Risk

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

Investment Type	Investment Maturities in Years Less Than 1
Mutual Funds	\$ 120,650
Corporate Bonds	90,813
Corporate Stocks	448,116
U.S. Treasuries and Securities	451,841
Total	\$ 1,111,420

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.

SULLIVAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Standard and Poor's Rating	Investments			
	Mutual Funds	Corporate Bonds	Corporate Stocks	Government Securities
AAA	\$ -	\$ 15,877	\$ 6,024	\$ 451,841
AA	-	5,034	43,541	-
A	-	66,824	181,236	-
BBB	-	3,078	54,059	-
BB	-	-	17,534	-
B	-	-	37,103	-
Unrated	120,650	-	108,619	-
Totals	\$ 120,650	\$ 90,813	\$ 448,116	\$ 451,841

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.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2005, were as follows:

Transfer From	Transfer To	2005
Property Reassessment	County Family and Children	\$ 100,000
County Family and Children	Old Property Reassessment	100,000
County Family and Children	Old Property Reassessment	100,000
Total		\$ 300,000

The County typically uses transfers to fund ongoing operating subsidies and to transfer the portion of state-shared revenues from the General Fund to the debt service fund for current-year debt service requirements.

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.

SULLIVAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees and dependents (excluding post-employment benefits); 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.

The County has chosen to establish a risk financing fund for risks associated with medical benefits. The risk financing fund is accounted for in the Health Benefits 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 \$25,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. A premium is charged to each fund that accounts for payroll expenditures. The total charge allocated to each of the funds is calculated using trends in actual claims experience. Provisions are also made for unexpected and unusual claims.

B. Administration of Welfare Programs

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

C. Pension Plans

Single-Employer Defined Benefit Pension Plans

1. County Police Retirement Plan

Plan Description

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

Funding Policy and Annual Pension Cost

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

2. 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

SULLIVAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

	County Police Retirement Plan	County Police Benefit Plan
Annual required contribution	\$ 42,689	\$ 21,422
Interest on net pension obligation	3,348	-
Adjustment to annual required contribution	<u>(4,806)</u>	<u>-</u>
Annual pension cost	41,231	21,422
Contributions made	<u>23,078</u>	<u>21,422</u>
Increase in net pension obligation	18,153	-
Net pension obligation, beginning of year	<u>47,823</u>	<u>-</u>
Net pension obligation, end of year	<u>\$ 65,976</u>	<u>\$ -</u>

	County Police Retirement Plan	County Police Benefit Plan
Contribution rates:		
County	100%	100%
Plan members	0%	0%
Actuarial valuation date	10-01-05	10-01-05
Actuarial cost method	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	40 years	40 years
Amortization period (from date)	12-31-97	12-31-97
Asset valuation method	4 year Smoothed market	4 year smoothed market

SULLIVAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Actuarial Assumptions	County Police Retirement Plan	County Police Benefit Plan
Investment rate of return	7%	7%
Projected future salary increases:		
Total	5%	5%
Attributed to inflation	4%	4%
Attributed to merit/seniority	1%	1%
Cost-of-living adjustments	2%	0%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
County Police Retirement Plan	09-30-03	\$ 33,753	78.1%	\$ 45,885
	09-30-04	34,862	91.3%	47,823
	09-30-05	41,231	54.1%	65,976
County Police Benefit Plan	09-30-03	26,019	100%	-
	09-30-04	20,563	100%	-
	09-30-05	21,422	100%	-

D. Landfill Closure and Postclosure Care Costs

State and federal laws and regulations require the County to place a final cover on its municipal landfill when it stops accepting solid waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste. The County has estimated the costs of closure and postclosure to be \$193,765. This amount is based on 1989 costs. The County expects to close the landfill in 2015. Actual cost may be higher due to inflation, changes in technology or changes in regulations. The County prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than generally accepted accounting principles. Therefore, the liability for estimated closure and postclosure care costs attributable to the current year's operations as required by Statement Number 18 of the Governmental Accounting Standards Board has not been computed.

The County is required by state and federal laws and regulations to make contributions to a trust account to finance closure and postclosure care, obtain a line of credit, obtain bond in an amount sufficient to finance closure and postclosure care costs or obtain insurance or fulfill the financial requirements set forth in 329 IA. 12. The County has chosen to make contributions to a trust account. At December 31, 2005, funds in the amount of \$318,794 were held for these purposes. These funds are included in "Cash and Investments" on the financial statement. The County expects that future inflation costs will be paid from interest earnings on these contributions. However, if interest earnings are inadequate or additional postclosure care requirements are determined (due to changes in technology or applicable laws or regulations), these costs may be covered by charges to future landfill uses or from future tax revenue.

SULLIVAN COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

County Police Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
10-01-00	\$ 523,064	\$ 523,064	-	100%	\$ 317,232	0%
10-01-01	520,930	520,930	-	100%	324,097	0%
10-01-02	535,114	535,114	-	100%	329,045	0%
10-01-03	559,367	559,367	-	100%	342,618	0%
10-01-04	584,918	584,918	-	100%	325,430	0%
10-01-05	650,355	650,355	-	100%	348,754	0%

SULLIVAN 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, 2005

	County Health	Local Road and Street	Accident Report	Firearms Training	Drug Free Community	County Correction	Surveyor's Corner Perpetuation
Receipts:							
Taxes	\$ 57,491	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	19,200	-	-	-	-	-	-
Intergovernmental	1,982	198,224	-	-	-	13,848	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	1,147	2,750	15,026	-	6,310
Other	1,501	21,189	-	-	-	-	-
Total receipts	<u>80,174</u>	<u>219,413</u>	<u>1,147</u>	<u>2,750</u>	<u>15,026</u>	<u>13,848</u>	<u>6,310</u>
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	4,599	13,599	2,550	-
Highways and streets	-	215,847	-	-	-	-	-
Health and welfare	110,329	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total disbursements	<u>110,329</u>	<u>215,847</u>	<u>-</u>	<u>4,599</u>	<u>13,599</u>	<u>2,550</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	(30,155)	3,566	1,147	(1,849)	1,427	11,298	6,310
Cash basis fund balance - beginning	<u>82,547</u>	<u>11,956</u>	<u>6,128</u>	<u>2,260</u>	<u>4,834</u>	<u>8,127</u>	<u>41,575</u>
Cash basis fund balance - ending	<u>\$ 52,392</u>	<u>\$ 15,522</u>	<u>\$ 7,275</u>	<u>\$ 411</u>	<u>\$ 6,261</u>	<u>\$ 19,425</u>	<u>\$ 47,885</u>
<u>Cash Basis Assets - December 31</u>							
Restricted assets:							
Cash and cash equivalents	<u>\$ 52,392</u>	<u>\$ 15,522</u>	<u>\$ 7,275</u>	<u>\$ 411</u>	<u>\$ 6,261</u>	<u>\$ 19,425</u>	<u>\$ 47,885</u>
<u>Cash Basis Fund Balance - December 31</u>							
Restricted for:							
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	<u>52,392</u>	<u>15,522</u>	<u>7,275</u>	<u>411</u>	<u>6,261</u>	<u>19,425</u>	<u>47,885</u>
Total cash basis fund balance - December 31	<u>\$ 52,392</u>	<u>\$ 15,522</u>	<u>\$ 7,275</u>	<u>\$ 411</u>	<u>\$ 6,261</u>	<u>\$ 19,425</u>	<u>\$ 47,885</u>

SULLIVAN 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, 2005  
 (Continued)

	Supplemental Adult Probation Services	Supplemental Juvenile Probation Services	Probation Transfer Fee	Probation Administration Fees	Aviation Construction	Recorder's Records Perpetuation	Emergency Planning Right to Know
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	976,050	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	33,876	1,650	525	4,460	-	37,704	-
Other	-	-	-	-	-	-	-
Total receipts	<u>33,876</u>	<u>1,650</u>	<u>525</u>	<u>4,460</u>	<u>976,050</u>	<u>37,704</u>	<u>-</u>
Disbursements:							
General government	-	-	-	-	-	24,722	-
Public safety	25,007	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	943,246	-	-
Total disbursements	<u>25,007</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>943,246</u>	<u>24,722</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	8,869	1,650	525	4,460	32,804	12,982	-
Cash basis fund balance - beginning	<u>49,346</u>	<u>7,150</u>	<u>525</u>	<u>10,500</u>	<u>23,248</u>	<u>22,186</u>	<u>18,046</u>
Cash basis fund balance - ending	<u>\$ 58,215</u>	<u>\$ 8,800</u>	<u>\$ 1,050</u>	<u>\$ 14,960</u>	<u>\$ 56,052</u>	<u>\$ 35,168</u>	<u>\$ 18,046</u>
<u>Cash Basis Assets - December 31</u>							
Restricted assets:							
Cash and cash equivalents	<u>\$ 58,215</u>	<u>\$ 8,800</u>	<u>\$ 1,050</u>	<u>\$ 14,960</u>	<u>\$ 56,052</u>	<u>\$ 35,168</u>	<u>\$ 18,046</u>
<u>Cash Basis Fund Balance - December 31</u>							
Restricted for:							
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	<u>58,215</u>	<u>8,800</u>	<u>1,050</u>	<u>14,960</u>	<u>56,052</u>	<u>35,168</u>	<u>18,046</u>
Total cash basis fund balance - December 31	<u>\$ 58,215</u>	<u>\$ 8,800</u>	<u>\$ 1,050</u>	<u>\$ 14,960</u>	<u>\$ 56,052</u>	<u>\$ 35,168</u>	<u>\$ 18,046</u>

SULLIVAN 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, 2005  
 (Continued)

	Emergency Man Planning Grant	Emergency Response Team Sub-Grant	County Law Enforcement Continuing Education	County User Fee	Local Health Maintenance	New Property Reassessment	Sheriff's Commissary
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	26,569	-	-
Charges for services	-	-	-	-	-	-	90,393
Fines and forfeits	-	-	440	4,539	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>-</u>	<u>440</u>	<u>4,539</u>	<u>26,569</u>	<u>-</u>	<u>90,393</u>
Disbursements:							
General government	-	-	-	-	-	16,553	-
Public safety	-	-	2,165	2,928	-	-	87,696
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	20,453	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>2,165</u>	<u>2,928</u>	<u>20,453</u>	<u>16,553</u>	<u>87,696</u>
Excess (deficiency) of receipts over disbursements	-	-	(1,725)	1,611	6,116	(16,553)	2,697
Cash basis fund balance - beginning	<u>1,028</u>	<u>2,531</u>	<u>2,154</u>	<u>34,186</u>	<u>3,032</u>	<u>16,553</u>	<u>536</u>
Cash basis fund balance - ending	<u>\$ 1,028</u>	<u>\$ 2,531</u>	<u>\$ 429</u>	<u>\$ 35,797</u>	<u>\$ 9,148</u>	<u>\$ -</u>	<u>\$ 3,233</u>
<u>Cash Basis Assets - December 31</u>							
Restricted assets:							
Cash and cash equivalents	<u>\$ 1,028</u>	<u>\$ 2,531</u>	<u>\$ 429</u>	<u>\$ 35,797</u>	<u>\$ 9,148</u>	<u>\$ -</u>	<u>\$ 3,233</u>
<u>Cash Basis Fund Balance - December 31</u>							
Restricted for:							
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	<u>1,028</u>	<u>2,531</u>	<u>429</u>	<u>35,797</u>	<u>9,148</u>	<u>-</u>	<u>3,233</u>
Total cash basis fund balance - December 31	<u>\$ 1,028</u>	<u>\$ 2,531</u>	<u>\$ 429</u>	<u>\$ 35,797</u>	<u>\$ 9,148</u>	<u>\$ -</u>	<u>\$ 3,233</u>

SULLIVAN 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, 2005  
 (Continued)

	County Hospital Care for the Indigent	Medical Assistance to Wards	Children With Special Health Care Needs	Park Nonreverting Operating	Aviation Rotary	Infraction Deferral	Pretrial Diversion
Receipts:							
Taxes	\$ 108,767	\$ 9,077	\$ 23,599	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	3,782	-	-	-	-	-	-
Charges for services	-	-	-	62,734	73,881	-	-
Fines and forfeits	-	-	-	-	-	127,749	15,658
Other	-	-	-	22,956	-	-	-
Total receipts	<u>112,549</u>	<u>9,077</u>	<u>23,599</u>	<u>85,690</u>	<u>73,881</u>	<u>127,749</u>	<u>15,658</u>
Disbursements:							
General government	-	-	-	-	110,592	-	-
Public safety	-	-	-	-	-	79,201	22,691
Highways and streets	-	-	-	-	-	-	-
Health and welfare	112,549	9,077	23,599	-	-	-	-
Culture and recreation	-	-	-	128,121	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total disbursements	<u>112,549</u>	<u>9,077</u>	<u>23,599</u>	<u>128,121</u>	<u>110,592</u>	<u>79,201</u>	<u>22,691</u>
Excess (deficiency) of receipts over disbursements	-	-	-	(42,431)	(36,711)	48,548	(7,033)
Cash basis fund balance - beginning	-	-	-	66,267	106,210	82,945	28,691
Cash basis fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,836</u>	<u>\$ 69,499</u>	<u>\$ 131,493</u>	<u>\$ 21,658</u>
<u>Cash Basis Assets - December 31</u>							
Restricted assets:							
Cash and cash equivalents	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,836</u>	<u>\$ 69,499</u>	<u>\$ 131,493</u>	<u>\$ 21,658</u>
<u>Cash Basis Fund Balance - December 31</u>							
Restricted for:							
Culture and recreation	\$ -	\$ -	\$ -	23,836	-	-	-
Other purposes	-	-	-	-	69,499	131,493	21,658
Total cash basis fund balance - December 31	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,836</u>	<u>\$ 69,499</u>	<u>\$ 131,493</u>	<u>\$ 21,658</u>

SULLIVAN 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, 2005  
 (Continued)

	Department of Transportation	County Family and Children Fund	Bail Bond Circuit Court	Emergency Telephone System	Park and Recreation	Aviation	Mental Health
Receipts:							
Taxes	\$ -	\$ 243,235	\$ -	\$ -	\$ 67,221	\$ 67,222	\$ 220,223
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	8,387	-	-	2,318	-	-
Charges for services	-	-	-	-	784,777	29,704	-
Fines and forfeits	-	-	3,902	307,874	-	-	-
Other	-	343,495	-	3,577	92,490	38,631	-
Total receipts	-	595,117	3,902	311,451	946,806	135,557	220,223
Disbursements:							
General government	-	-	-	-	-	139,457	-
Public safety	-	-	-	299,991	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	933,148	-	-	-	-	229,427
Culture and recreation	-	-	-	-	777,632	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total disbursements	-	933,148	-	299,991	777,632	139,457	229,427
Excess (deficiency) of receipts over disbursements	-	(338,031)	3,902	11,460	169,174	(3,900)	(9,204)
Cash basis fund balance - beginning	4,380	407,873	1,829	84,261	288,198	63,647	9,204
Cash basis fund balance - ending	<u>\$ 4,380</u>	<u>\$ 69,842</u>	<u>\$ 5,731</u>	<u>\$ 95,721</u>	<u>\$ 457,372</u>	<u>\$ 59,747</u>	<u>\$ -</u>
<u>Cash Basis Assets - December 31</u>							
Restricted assets:							
Cash and cash equivalents	<u>\$ 4,380</u>	<u>\$ 69,842</u>	<u>\$ 5,731</u>	<u>\$ 95,721</u>	<u>\$ 457,372</u>	<u>\$ 59,747</u>	<u>\$ -</u>
<u>Cash Basis Fund Balance - December 31</u>							
Restricted for:							
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ 457,372	\$ -	\$ -
Other purposes	4,380	69,842	5,731	95,721	-	59,747	-
Total cash basis fund balance - December 31	<u>\$ 4,380</u>	<u>\$ 69,842</u>	<u>\$ 5,731</u>	<u>\$ 95,721</u>	<u>\$ 457,372</u>	<u>\$ 59,747</u>	<u>\$ -</u>

SULLIVAN 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, 2005  
 (Continued)

	Tourism Promotion	Bail Bond Superior Court	Law Enforcement	Vehicle Inspection	Jury Pay	Emergency Medical Services	911 Wireless
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	595,851	51,171
Fines and forfeits	4,367	8,170	-	455	6,381	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>4,367</u>	<u>8,170</u>	<u>-</u>	<u>455</u>	<u>6,381</u>	<u>595,851</u>	<u>51,171</u>
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	853	16,724	-	4,718	552,345	55,518
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	7,501	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total disbursements	<u>7,501</u>	<u>853</u>	<u>16,724</u>	<u>-</u>	<u>4,718</u>	<u>552,345</u>	<u>55,518</u>
Excess (deficiency) of receipts over disbursements	(3,134)	7,317	(16,724)	455	1,663	43,506	(4,347)
Cash basis fund balance - beginning	<u>11,226</u>	<u>38,792</u>	<u>73,485</u>	<u>2,921</u>	<u>9,927</u>	<u>48,363</u>	<u>105,666</u>
Cash basis fund balance - ending	<u>\$ 8,092</u>	<u>\$ 46,109</u>	<u>\$ 56,761</u>	<u>\$ 3,376</u>	<u>\$ 11,590</u>	<u>\$ 91,869</u>	<u>\$ 101,319</u>
<u>Cash Basis Assets - December 31</u>							
Restricted assets:							
Cash and cash equivalents	<u>\$ 8,092</u>	<u>\$ 46,109</u>	<u>\$ 56,761</u>	<u>\$ 3,376</u>	<u>\$ 11,590</u>	<u>\$ 91,869</u>	<u>\$ 101,319</u>
<u>Cash Basis Fund Balance - December 31</u>							
Restricted for:							
Culture and recreation	\$ 8,092	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	46,109	56,761	3,376	11,590	91,869	101,319
Total cash basis fund balance - December 31	<u>\$ 8,092</u>	<u>\$ 46,109</u>	<u>\$ 56,761</u>	<u>\$ 3,376</u>	<u>\$ 11,590</u>	<u>\$ 91,869</u>	<u>\$ 101,319</u>

SULLIVAN 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, 2005  
 (Continued)

	Prosecutor's Law Enforcement	Clerk's Records Perpetuation	Meth- amphetamine Mini Grant	Tobacco Settlement	Redevelopment Commission	Health Bio Terrorism	Homeland Security Grant
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	16,673	-	-	75,640
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	5,379	-	-	-	-	-
Other	-	-	-	-	5,000	-	-
Total receipts	-	5,379	-	16,673	5,000	-	75,640
Disbursements:							
General government	-	4,005	-	-	-	-	-
Public safety	18	-	-	26,821	-	5,147	9,770
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	11,028	-	-
Capital outlay	-	-	-	-	-	-	-
Total disbursements	18	4,005	-	26,821	11,028	5,147	9,770
Excess (deficiency) of receipts over disbursements	(18)	1,374	-	(10,148)	(6,028)	(5,147)	65,870
Cash basis fund balance - beginning	18	9,707	1,496	43,825	17,559	24,976	9,770
Cash basis fund balance - ending	\$ -	\$ 11,081	\$ 1,496	\$ 33,677	\$ 11,531	\$ 19,829	\$ 75,640
<u>Cash Basis Assets - December 31</u>							
Restricted assets:							
Cash and cash equivalents	\$ -	\$ 11,081	\$ 1,496	\$ 33,677	\$ 11,531	\$ 19,829	\$ 75,640
<u>Cash Basis Fund Balance - December 31</u>							
Restricted for:							
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	11,081	1,496	33,677	11,531	19,829	75,640
Total cash basis fund balance - December 31	\$ -	\$ 11,081	\$ 1,496	\$ 33,677	\$ 11,531	\$ 19,829	\$ 75,640

SULLIVAN 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, 2005  
 (Continued)

	Allocation	Community Foundation	Election Hava Title III	Sale of Property	Election Nonreverting	Respirator Grant	CPRTS
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,109
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	1,555
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	7,191	3,100	11,726	2,488	393	-	-
Total receipts	<u>7,191</u>	<u>3,100</u>	<u>11,726</u>	<u>2,488</u>	<u>393</u>	<u>-</u>	<u>46,664</u>
Disbursements:							
General government	5,030	-	117,763	-	1,594	-	-
Public safety	-	-	-	-	-	23,124	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	50,968
Culture and recreation	-	3,100	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Total disbursements	<u>5,030</u>	<u>3,100</u>	<u>117,763</u>	<u>-</u>	<u>1,594</u>	<u>23,124</u>	<u>50,968</u>
Excess (deficiency) of receipts over disbursements	2,161	-	(106,037)	2,488	(1,201)	(23,124)	(4,304)
Cash basis fund balance - beginning	941	-	111,764	3,770	64,413	23,124	51,069
Cash basis fund balance - ending	<u>\$ 3,102</u>	<u>\$ -</u>	<u>\$ 5,727</u>	<u>\$ 6,258</u>	<u>\$ 63,212</u>	<u>\$ -</u>	<u>\$ 46,765</u>
<u>Cash Basis Assets - December 31</u>							
Restricted assets:							
Cash and cash equivalents	<u>\$ 3,102</u>	<u>\$ -</u>	<u>\$ 5,727</u>	<u>\$ 6,258</u>	<u>\$ 63,212</u>	<u>\$ -</u>	<u>\$ 46,765</u>
<u>Cash Basis Fund Balance - December 31</u>							
Restricted for:							
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	3,102	-	5,727	6,258	63,212	-	46,765
Total cash basis fund balance - December 31	<u>\$ 3,102</u>	<u>\$ -</u>	<u>\$ 5,727</u>	<u>\$ 6,258</u>	<u>\$ 63,212</u>	<u>\$ -</u>	<u>\$ 46,765</u>

SULLIVAN 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, 2005  
 (Continued)

	IPSC Competitive Grant	Kindall Mine Road	Public Health Coordinator	Prosecutor IV-D	Clerk Title IV-D	Emergency Management Building	Redevelopment District
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	47,390	17,448	17,448	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	3,105	-	-	-	13,961	-
Total receipts	<u>-</u>	<u>3,105</u>	<u>47,390</u>	<u>17,448</u>	<u>17,448</u>	<u>13,961</u>	<u>-</u>
Disbursements:							
General government	-	10,000	-	-	-	-	-
Public safety	50,000	-	-	2,685	3,443	13,874	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	46,562	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	9,000
Capital outlay	-	-	-	-	-	-	-
Total disbursements	<u>50,000</u>	<u>10,000</u>	<u>46,562</u>	<u>2,685</u>	<u>3,443</u>	<u>13,874</u>	<u>9,000</u>
Excess (deficiency) of receipts over disbursements	(50,000)	(6,895)	828	14,763	14,005	87	(9,000)
Cash basis fund balance - beginning	<u>50,000</u>	<u>100,632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,714</u>	<u>9,112</u>
Cash basis fund balance - ending	<u>\$ -</u>	<u>\$ 93,737</u>	<u>\$ 828</u>	<u>\$ 14,763</u>	<u>\$ 14,005</u>	<u>\$ 4,801</u>	<u>\$ 112</u>
<u>Cash Basis Assets - December 31</u>							
Restricted assets:							
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 93,737</u>	<u>\$ 828</u>	<u>\$ 14,763</u>	<u>\$ 14,005</u>	<u>\$ 4,801</u>	<u>\$ 112</u>
<u>Cash Basis Fund Balance - December 31</u>							
Restricted for:							
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	93,737	828	14,763	14,005	4,801	112
Total cash basis fund balance - December 31	<u>\$ -</u>	<u>\$ 93,737</u>	<u>\$ 828</u>	<u>\$ 14,763</u>	<u>\$ 14,005</u>	<u>\$ 4,801</u>	<u>\$ 112</u>

SULLIVAN 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, 2005  
 (Continued)

	Cumulative Bridge	Cumulative Capital Development	Aviation Build Indiana	Health Benefits	Levy Excess	Totals
<b>Receipts:</b>						
Taxes	\$ 368,832	\$ 33,134	\$ -	\$ -	\$ 463,793	\$ 1,707,703
Licenses and permits	-	-	-	-	-	19,200
Intergovernmental	40,257	1,747	-	-	-	1,449,318
Charges for services	-	-	-	-	-	1,688,511
Fines and forfeits	-	-	-	-	-	588,362
Other	94,359	-	8	-	-	665,170
<b>Total receipts</b>	<b>503,448</b>	<b>34,881</b>	<b>8</b>	<b>-</b>	<b>463,793</b>	<b>6,118,264</b>
<b>Disbursements:</b>						
General government	-	-	-	623,662	-	1,053,378
Public safety	-	-	-	-	-	1,305,467
Highways and streets	-	-	-	-	-	215,847
Health and welfare	-	-	-	-	-	1,536,112
Culture and recreation	-	-	-	-	-	916,354
Urban redevelopment and housing	-	-	-	-	-	20,028
Capital outlay	457,880	34,881	8	-	-	1,436,015
<b>Total disbursements</b>	<b>457,880</b>	<b>34,881</b>	<b>8</b>	<b>623,662</b>	<b>-</b>	<b>6,483,201</b>
Excess (deficiency) of receipts over disbursements	45,568	-	-	(623,662)	463,793	(364,937)
Cash basis fund balance - beginning	512,499	-	-	623,662	-	3,445,384
Cash basis fund balance - ending	<u>\$ 558,067</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 463,793</u>	<u>\$ 3,080,447</u>
<b>Cash Basis Assets - December 31</b>						
<b>Restricted assets:</b>						
Cash and cash equivalents	<u>\$ 558,067</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 463,793</u>	<u>\$ 3,080,447</u>
<b>Cash Basis Fund Balance - December 31</b>						
<b>Restricted for:</b>						
Culture and recreation	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 489,300
Other purposes	558,067	-	-	-	463,793	2,591,147
<b>Total cash basis fund balance - December 31</b>	<b><u>\$ 558,067</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 463,793</u></b>	<b><u>\$ 3,080,447</u></b>

SULLIVAN COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PRIVATE-PURPOSE TRUST FUNDS  
 For The Year Ended December 31, 2005

	Congressional Principal	Landfill Closure and Post-Closure	Total
Additions:			
Contributions:			
Other	\$ -	\$ 5,000	5,000
Investment earnings:			
Interest	-	10,324	10,324
Total additions	-	15,324	15,324
Deductions:			
Administrative and general	-	2,133	2,133
Excess of total additions over total deductions	-	13,191	13,191
Cash and cash equivalents - beginning	15,462	305,603	321,065
Cash and cash equivalents - ending	\$ 15,462	\$ 318,794	\$ 334,256

SULLIVAN COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2005

	<u>Surtax</u>	<u>Tax Sale Redemption</u>	<u>Tax Sale Surplus</u>	<u>Infractions</u>	<u>Inheritance Tax</u>	<u>Surplus Tax</u>	<u>Congressional Interest</u>
Additions:							
Agency fund additions	\$ 313,812	\$ 90,129	\$ 165,260	\$ 28,130	\$ 384,915	\$ 105,930	\$ 318
Deductions:							
Agency fund deductions	<u>313,812</u>	<u>92,912</u>	<u>229,209</u>	<u>26,629</u>	<u>411,670</u>	<u>69,998</u>	<u>1,237</u>
Excess (deficiency) of total additions over total deductions	-	(2,783)	(63,949)	1,501	(26,755)	35,932	(919)
Cash and cash equivalents - beginning	<u>-</u>	<u>4,955</u>	<u>233,531</u>	<u>1,488</u>	<u>230,810</u>	<u>27,054</u>	<u>12,598</u>
Cash and cash equivalents - ending	<u>\$ -</u>	<u>\$ 2,172</u>	<u>\$ 169,582</u>	<u>\$ 2,989</u>	<u>\$ 204,055</u>	<u>\$ 62,986</u>	<u>\$ 11,679</u>

SULLIVAN COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2005  
 (Continued)

	Crynes Trust	Wheel Tax	Road Closure	Tax Distributions	Payroll Withholdings	State Fines and Forfeitures	Deferred Compensation
Additions:							
Agency fund additions	\$ 3	\$ 109,697	\$ 600	\$ 20,363,738	\$ 1,045,023	\$ 46,357	\$ 4,462
Deductions:							
Agency fund deductions	1,686	109,598	-	20,363,738	1,048,002	46,858	4,462
Excess (deficiency) of total additions over total deductions	(1,683)	99	600	-	(2,979)	(501)	-
Cash and cash equivalents - beginning	1,772	-	1,400	-	15,510	4,700	-
Cash and cash equivalents - ending	<u>\$ 89</u>	<u>\$ 99</u>	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ 12,531</u>	<u>\$ 4,199</u>	<u>\$ -</u>

SULLIVAN COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2005  
 (Continued)

	Welfare Trust	Refunds Due State	Child Restraint Violations	City/Town Court Costs	State Welfare Excise Tax Allocation	State Share Mortgage Fees	Overweight Vehicles
Additions:							
Agency fund additions	\$ 20	\$ 163,330	\$ 40	\$ 9,578	\$ 24,052	\$ 2,500	\$ 432
Deductions:							
Agency fund deductions	545	163,330	40	15,894	24,052	2,252	432
Excess (deficiency) of total additions over total deductions	(525)	-	-	(6,316)	-	248	-
Cash and cash equivalents - beginning	2,264	-	-	15,894	-	-	-
Cash and cash equivalents - ending	<u>\$ 1,739</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,578</u>	<u>\$ -</u>	<u>\$ 248</u>	<u>\$ -</u>

SULLIVAN COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2005  
 (Continued)

	Pleasantville Community Foundation	Victims Assistance Grant	State Forestry	Education Plate	Donations	Probation Trust	Gross Tax on Real Estate
Additions:							
Agency fund additions	\$ 18	\$ 20,155	\$ 14,522	\$ 1,106	\$ -	\$ -	\$ 18,849
Deductions:							
Agency fund deductions	-	20,159	14,522	1,087	-	-	18,849
Excess (deficiency) of total additions over total deductions	18	(4)	-	19	-	-	-
Cash and cash equivalents - beginning	-	366	-	525	-	-	-
Cash and cash equivalents - ending	<u>\$ 18</u>	<u>\$ 362</u>	<u>\$ -</u>	<u>\$ 544</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SULLIVAN COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2005  
 (Continued)

	Surplus Dog Tax	Veteran Van Donation	Aviation Sales Tax	State Sales Disclosure Fee Fund	Coroner's Perpetuation	State Fair Board	Financial Institutions
Additions:							
Agency fund additions	\$ 1,971	\$ 100	\$ 5	\$ 3,060	\$ 1,417	\$ 7,261	\$ 104,659
Deductions:							
Agency fund deductions	1,971	-	5	3,060	1,386	7,261	104,659
Excess (deficiency) of total additions over total deductions	-	100	-	-	31	-	-
Cash and cash equivalents - beginning	-	-	-	-	23	-	-
Cash and cash equivalents - ending	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54</u>	<u>\$ -</u>	<u>\$ -</u>

SULLIVAN COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2005  
 (Continued)

	Commercial Vehicle Excise Tax	Riverboat Revenue Sharing	Treasurer's Trust	Offender Trust	Sheriff's Trust	Probation Trust
Additions:						
Agency fund additions	\$ 146,096	\$ 137,156	\$ 11,939,753	\$ 141,068	\$ 373,401	\$ 50,549
Deductions:						
Agency fund deductions	146,096	137,156	11,808,348	144,234	369,362	50,549
Excess (deficiency) of total additions over total deductions	-	-	131,405	(3,166)	4,039	-
Cash and cash equivalents - beginning	-	-	229,578	6,320	2,627	-
Cash and cash equivalents - ending	\$ -	\$ -	\$ 360,983	\$ 3,154	\$ 6,666	\$ -

SULLIVAN COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2005  
 (Continued)

	<u>Recorder's Trust</u>	<u>Clerk of the Circuit Court</u>	<u>Airport Manager</u>	<u>Prosecutor's Law Enforcement</u>	<u>Total</u>
Additions:					
Agency fund additions	\$ 113,067	\$ 3,105,013	\$ 49,468	\$ 2,509	\$ 39,089,529
Deductions:					
Agency fund deductions	<u>113,067</u>	<u>3,189,996</u>	<u>50,446</u>	<u>-</u>	<u>39,108,569</u>
Excess (deficiency) of total additions over total deductions	-	(84,983)	(978)	2,509	(19,040)
Cash and cash equivalents - beginning	<u>-</u>	<u>340,759</u>	<u>4,151</u>	<u>18</u>	<u>1,136,343</u>
Cash and cash equivalents - ending	<u>\$ -</u>	<u>\$ 255,776</u>	<u>\$ 3,173</u>	<u>\$ 2,527</u>	<u>\$ 1,117,303</u>

SULLIVAN 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  
Board of County Commissioners  
County Department of Park and Lake

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF SULLIVAN COUNTY, INDIANA

Compliance

We have audited the compliance of the Sullivan 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, 2005. The County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2005.

Internal Control Over Compliance

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

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

STATE BOARD OF ACCOUNTS

October 16, 2006

SULLIVAN COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2005

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Pass-Through Indiana Criminal Justice Institute Crime Victim Assistance	16.575	2004-VA-GX-0032 2005-VA-GX-0038	\$ 9,494 <u>10,665</u>
Total for federal grantor agency			<u>20,159</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Direct Grant Airport Improvement Program	20.106	AIP-6	<u>919,324</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through Indiana Department of Child Services Child Support Enforcement	93.563		85,330
Child Support Expenditures			2,685
Incentive Expenditures			<u>22,513</u>
Indirect Costs			
Total for federal grantor agency			<u>110,528</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security Public Assistance Grants	97.036		<u>9,770</u>
Total federal awards expended			<u>\$ 1,059,781</u>

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

SULLIVAN COUNTY  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

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

SULLIVAN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

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

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
20.106	Airport Improvement Program

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

SULLIVAN COUNTY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

SULLIVAN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on October 16, 2006, with Chris Atkinson, President of the Board of County Commissioners; and Jean Harris, Auditor.