

B30646

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

ANNUAL FINANCIAL REPORT

2006

UNION COUNTY, INDIANA



FILED

09/28/2007

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Virginia Bostick	01-01-04 to 12-31-07
Treasurer	Bonnie Adams	02-01-05 to 12-31-08
Clerk	Pat Hensley Sue Ray	01-01-03 to 12-31-06 01-01-07 to 12-31-10
Sheriff	Stephen Leverton Eric Cantrell	01-01-03 to 06-30-06 07-01-06 to 12-31-10
Recorder	Loree Persinger	01-01-04 to 12-31-07
President of the Board of County Commissioners	Allen F. Paddock	01-01-06 to 12-31-07
President of the County Council	Alan Alcorn	01-01-06 to 12-31-07



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 UNION COUNTY, INDIANA

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

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

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

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, 2006, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated August 30, 2007, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

August 30, 2007



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

TO: THE OFFICIALS OF UNION COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Union County (County), as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 30, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management in a separate letter dated August 30, 2007.

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

STATE BOARD OF ACCOUNTS

August 30, 2007

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

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>			<u>Net (Disbursements) 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>Governmental Activities</u>
Primary government:					
Governmental activities:					
General government	\$ 2,522,451	\$ 169,332	\$ 187,588	\$ 627,356	\$ (1,538,175)
Public safety	1,134,708	249,927	145,129	-	(739,652)
Highways and streets	1,348,771	19,531	202,617	-	(1,126,623)
Sanitation	75,719	34,884	-	-	(40,835)
Health and welfare	1,222,426	15,995	320,651	-	(885,780)
Economic development	278,403	-	-	-	(278,403)
Culture and recreation	13,211	-	-	-	(13,211)
Total primary government	\$ 6,595,689	\$ 489,669	\$ 855,985	\$ 627,356	(4,622,679)
General receipts:					
Property taxes					2,079,549
Other taxes					984,527
Intergovernmental					1,471,009
Unrestricted investment earnings					165,053
Other local sources					285,381
Total general receipts					4,985,519
Change in net assets					362,840
Net assets - beginning					3,366,333
Net assets - ending					\$ 3,729,173
<u>Assets</u>					
Cash and investments					\$ 753,254
Restricted assets:					
Cash and investments					2,975,919
Total assets					\$ 3,729,173
<u>Net Assets</u>					
Restricted for:					
Highways					\$ 675,216
Public safety					324,632
Health and welfare					696,406
Culture and recreation					84,123
Economic development					205,430
Other purposes					990,112
Unrestricted					753,254
Total net assets					\$ 3,729,173

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

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

	General	County Highway	County Family and Children	Courthouse Renovation Special EDIT	Other Governmental Funds	Totals
Receipts:						
Taxes	\$ 1,749,713	\$ -	\$ 568,795	\$ -	\$ 393,246	\$ 2,711,754
Special assessments	-	-	-	-	56,717	56,717
Licenses and permits	-	-	-	-	8,115	8,115
Intergovernmental	277,315	966,586	268,835	276,329	1,462,119	3,251,184
Charges for services	128,402	19,531	-	-	167,420	315,353
Fines and forfeits	55,128	-	-	-	92,335	147,463
Other	199,765	4,262	8,103	-	255,810	467,940
Total receipts	2,410,323	990,379	845,733	276,329	2,435,762	6,958,526
Disbursements:						
General government	1,371,158	-	-	91,864	1,030,750	2,493,772
Public safety	763,851	-	-	-	352,739	1,116,590
Highways and streets	-	896,995	-	-	192,943	1,089,938
Sanitation	75,719	-	-	-	-	75,719
Health and welfare	108,141	-	846,732	-	267,552	1,222,425
Culture and recreation	500	-	-	-	12,711	13,211
Economic development	-	-	-	-	278,403	278,403
Capital outlay:						
General government	-	-	-	-	28,679	28,679
Public safety	-	-	-	-	18,116	18,116
Highways and streets	-	-	-	-	258,833	258,833
Total disbursements	2,319,369	896,995	846,732	91,864	2,440,726	6,595,686
Excess (deficiency) of receipts over disbursements	90,954	93,384	(999)	184,465	(4,964)	362,840
Other financing sources (uses):						
Interfund loans in	-	-	-	-	125,300	125,300
Interfund loans out	-	-	(100,000)	-	(25,300)	(125,300)
Total other financing sources (uses)	-	-	(100,000)	-	100,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	90,954	93,384	(100,999)	184,465	95,036	362,840
Cash and investment fund balance - beginning	564,631	391,768	570,672	249,869	1,589,393	3,366,333
Cash and investment fund balance - ending	\$ 655,585	\$ 485,152	\$ 469,673	\$ 434,334	\$ 1,684,429	\$ 3,729,173
Cash and Investment Assets - December 31						
Cash and investments	\$ 655,585	\$ -	\$ -	\$ -	\$ 97,669	\$ 753,254
Restricted assets:						
Cash and investments	-	485,152	469,673	434,334	1,586,760	2,975,919
Total cash and investment assets - December 31	\$ 655,585	\$ 485,152	\$ 469,673	\$ 434,334	\$ 1,684,429	\$ 3,729,173
Cash and Investment Fund Balance - December 31						
Restricted for:						
Highways	\$ -	\$ 485,152	\$ -	\$ -	\$ 190,064	\$ 675,216
Public safety	-	-	-	-	324,632	324,632
Health and welfare	-	-	469,673	-	226,733	696,406
Culture and recreation	-	-	-	-	84,123	84,123
Economic development	-	-	-	-	205,430	205,430
Other purposes	-	-	-	434,334	555,778	990,112
Unrestricted	655,585	-	-	-	97,669	753,254
Total cash and investment fund balance - December 31	\$ 655,585	\$ 485,152	\$ 469,673	\$ 434,334	\$ 1,684,429	\$ 3,729,173

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

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

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Employer	\$ 49,093	\$ -	\$ -
Plan members	9,494	-	-
Total contributions	<u>58,587</u>	<u>-</u>	<u>-</u>
Investment earnings:			
Net increase in fair value of investments	5,633	-	-
Interest	17,920	78	-
Total investment earnings	<u>23,553</u>	<u>78</u>	<u>-</u>
Agency fund additions	<u>-</u>	<u>-</u>	<u>22,940,225</u>
Total additions	<u>82,140</u>	<u>78</u>	<u>22,940,225</u>
Deductions:			
Benefits	49,739	-	-
Refunds of contributions	2	-	-
Administrative and general	11,870	78	-
Agency fund deductions	<u>-</u>	<u>-</u>	<u>23,766,505</u>
Total deductions	<u>61,611</u>	<u>78</u>	<u>23,766,505</u>
Excess (deficiency) of total additions over total deductions	20,529	-	(826,280)
Cash and investment fund balance - beginning	<u>485,241</u>	<u>29,617</u>	<u>1,268,433</u>
Cash and investment fund balance - ending	<u>\$ 505,770</u>	<u>\$ 29,617</u>	<u>\$ 442,153</u>

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

UNION 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, solid waste transfer station, and general administrative services.

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 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 highway fund accounts for all financial resources restricted for construction and maintenance of the County's highways.

The family and children fund accounts for the operation of the local division of family and children.

The courthouse renovation special EDIT fund accounts for resources to pay for the renovation to make the courthouse handicap accessible.

Additionally, the County reports the following fund types:

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

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

UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

C. Measurement Focus and Basis of Accounting

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

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

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

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.

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.

UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Operating receipts and disbursements for proprietary funds and the similar discretely presented component unit 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.

UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

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

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

II. Stewardship, Compliance and Accountability

Budgetary Information

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

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

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

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

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

UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Investments

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

Investment Type	Sheriff's Retirement and Benefit Pension Plans
U.S. treasuries and securities	\$ 86,599
U.S. agencies	<u>57,572</u>
Total	<u>\$ 144,171</u>

Investment Policies

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

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the County and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

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

UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Investment Custodial Credit Risk

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

The Sheriff's Merit Board has not adopted an investment policy for custodial credit risk for investments. At December 31, 2006, the Sheriff's Retirement and Benefit Pension Plans held investments in equity stock and government bonds in the amount of \$475,999.

Interest Rate Risk

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

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

Sheriff's Retirement and Benefit Pension Plans:

Investment Type	Investment Maturities (in Years)		
	Less Than 1	1-2	More Than 2
U.S. treasuries and securities	\$ -	\$ 13,704	\$ 72,895
U.S. agencies	-	-	57,572
Totals	<u>\$ -</u>	<u>\$ 13,704</u>	<u>\$ 130,467</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.

Sheriff's Retirement and Benefit Pension Plans:

County Sheriff's Pension Investments		
Moody's Rating	Corporate Bonds	Government Sponsored Enterprise
Aa	<u>\$ 57,572</u>	<u>\$ 86,598</u>

UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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, 2006, were as follows:

Transfer From	Transfer To	2006
Major Fund	Other governmental	\$ 100,000
Other governmental	Other governmental	25,300
Total		\$ 125,300

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; medical benefits to employees, retirees, and dependents (excluding postemployment 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.

Job Related Illnesses or Injuries to Employees

During 1992, the County joined with other governmental entities to form the Indiana Public Employer's Plan, Inc., a public entity risk pool currently operating as a common risk management and insurance program for 350 member governmental entities. This risk pool was formed in 1990. The purpose of

UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

the risk pool is to provide a medium for the funding and administration of job related illnesses and injuries to employees. The County pays an annual premium to the risk pool for its workers' compensation 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. Holding Corporation

The County has entered into a capital lease with Union County Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the County. The lessor has been determined to be a related party of the County. Lease payments do not begin until 2007.

C. 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.

D. Pension Plans

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

1. Public Employees' Retirement Fund

Plan Description

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

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

UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Cost

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

2. County Police Retirement Plan

Plan Description

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

Funding Policy and Annual Pension Cost

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

3. County Police Benefit Plan

Plan Description

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

Funding Policy and Annual Pension Cost

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

UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plans

	PERF	County Police Retirement Plan	County Police Benefit Plan
Annual required contribution	\$ 41,049	\$ 34,228	\$ 3,255
Interest on net pension obligation	(4,228)	(1,389)	-
Adjustment to annual required contribution	4,818	2,327	-
Annual pension cost	41,639	35,166	3,255
Contributions made	38,791	42,680	3,255
Increase (decrease) in net pension obligation	2,848	(7,514)	-
Net pension obligation, beginning of year	(58,319)	(19,849)	-
Net pension obligation, end of year	\$ (55,471)	\$ (27,363)	\$ -

	PERF	County Police Retirement Plan	County Police Benefit Plan
Contribution rates:			
County	6%	19%	2%
Plan members	3%	6%	6%
Actuarial valuation date	07-01-06	10-01-06	10-01-06
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	40 years	40 years	40 years
Amortization period (from date)	07-01-97	12-31-97	12-31-97
Asset valuation method	4 year smoothed market	4 year smoothed market	4 year smoothed market

Actuarial Assumptions

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

UNION COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-04	\$ 28,608	148%	\$ (58,110)
	06-30-05	38,007	101%	(58,319)
	06-30-06	41,639	102%	(55,471)
County Police Retirement Plan	09-30-04	34,170	104%	(21,679)
	09-30-05	37,392	95%	(27,363)
	09-30-06	35,166	121%	(27,363)
County Police Benefit Plan	09-30-04	3,369	100%	-
	09-30-05	3,473	100%	-
	09-30-06	3,255	100%	-

UNION COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 1,236,877	\$ 1,108,339	\$ 128,538	112%	\$ 1,059,883	12%
07-01-05	1,266,704	1,140,713	125,991	111%	1,058,232	12%
07-01-06	1,316,878	1,177,620	139,258	112%	1,238,359	11%

County Police Retirement Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Assets Over Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
10-01-01	\$ 400,823	\$ 400,823	\$ -	100%	\$ 181,877	0%
10-01-02	395,317	395,317	-	100%	146,725	0%
10-01-03	392,649	540,473	(147,824)	73%	151,357	(98%)
10-01-04	409,083	553,301	(144,218)	74%	156,157	(92%)
10-01-05	460,526	585,289	(124,763)	79%	156,157	(80%)
10-01-06	503,146	617,963	(114,817)	81%	140,375	(82%)

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

	Local Road and Street	County Health	Property Reassessment	Accident Report	Firearms Training	Surveyor's Corner Perpetuation
Receipts:						
Taxes	\$ -	\$ 138,664	\$ 21,360	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	6,685	-	-	1,430	-
Intergovernmental	79,492	19,053	3,595	-	-	-
Charges for services	-	-	-	709	-	2,800
Fines and forfeits	-	-	-	-	-	-
Other	-	-	3,738	-	-	-
Total receipts	79,492	164,402	28,693	709	1,430	2,800
Disbursements:						
General government	-	-	45,834	-	-	3,158
Public safety	-	-	-	1,111	668	-
Highways and streets	149,321	-	-	-	-	-
Health and welfare	-	132,367	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Total disbursements	149,321	132,367	45,834	1,111	668	3,158
Excess (deficiency) of receipts over disbursements	(69,829)	32,035	(17,141)	(402)	762	(358)
Other financing sources (uses):						
Interfund loans in	-	25,000	-	-	-	-
Interfund loans out	-	-	-	-	-	-
Total other financing sources (uses)	-	25,000	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(69,829)	57,035	(17,141)	(402)	762	(358)
Cash and investment fund balance - beginning	74,617	24,963	112,759	852	475	13,028
Cash and investment fund balance - ending	<u>\$ 4,788</u>	<u>\$ 81,998</u>	<u>\$ 95,618</u>	<u>\$ 450</u>	<u>\$ 1,237</u>	<u>\$ 12,670</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	4,788	81,998	95,618	450	1,237	12,670
Total cash and investment assets - December 31	<u>\$ 4,788</u>	<u>\$ 81,998</u>	<u>\$ 95,618</u>	<u>\$ 450</u>	<u>\$ 1,237</u>	<u>\$ 12,670</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Highways	\$ 4,788	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	450	1,237	-
Health and welfare	-	81,998	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Other purposes	-	-	95,618	-	-	12,670
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 4,788</u>	<u>\$ 81,998</u>	<u>\$ 95,618</u>	<u>\$ 450</u>	<u>\$ 1,237</u>	<u>\$ 12,670</u>

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

	Supplemental Juvenile Probation	Supplemental Adult Probation	Pretrial Diversion	Recorder's Record Perpetuation	Clerk's Record Perpetuation	County Law Enforcement Continuing Education
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	12,388	3,188	-
Fines and forfeits	5,586	22,240	680	-	-	540
Other	-	-	-	-	-	-
Total receipts	<u>5,586</u>	<u>22,240</u>	<u>680</u>	<u>12,388</u>	<u>3,188</u>	<u>540</u>
Disbursements:						
General government	-	-	-	19,276	-	-
Public safety	6,670	25,401	3,770	-	-	497
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Total disbursements	<u>6,670</u>	<u>25,401</u>	<u>3,770</u>	<u>19,276</u>	<u>-</u>	<u>497</u>
Excess (deficiency) of receipts over disbursements	<u>(1,084)</u>	<u>(3,161)</u>	<u>(3,090)</u>	<u>(6,888)</u>	<u>3,188</u>	<u>43</u>
Other financing sources (uses):						
Interfund loans in	-	-	-	-	-	-
Interfund loans out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,084)</u>	<u>(3,161)</u>	<u>(3,090)</u>	<u>(6,888)</u>	<u>3,188</u>	<u>43</u>
Cash and investment fund balance - beginning	<u>5,709</u>	<u>20,559</u>	<u>5,663</u>	<u>40,599</u>	<u>8,543</u>	<u>311</u>
Cash and investment fund balance - ending	<u>\$ 4,625</u>	<u>\$ 17,398</u>	<u>\$ 2,573</u>	<u>\$ 33,711</u>	<u>\$ 11,731</u>	<u>\$ 354</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	<u>4,625</u>	<u>17,398</u>	<u>2,573</u>	<u>33,711</u>	<u>11,731</u>	<u>354</u>
Total cash and investment assets - December 31	<u>\$ 4,625</u>	<u>\$ 17,398</u>	<u>\$ 2,573</u>	<u>\$ 33,711</u>	<u>\$ 11,731</u>	<u>\$ 354</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Highways	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	4,625	17,398	2,573	-	-	354
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Other purposes	-	-	-	33,711	11,731	-
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and investment fund balance - December 31	<u>\$ 4,625</u>	<u>\$ 17,398</u>	<u>\$ 2,573</u>	<u>\$ 33,711</u>	<u>\$ 11,731</u>	<u>\$ 354</u>

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

	County User Fee	Child Support Title IV-D Incentive II	Child Support Title IV-D Incentive I	Clerk Title IV-D	Plat Book	Local Health Maintenance
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	7,167	-	4,384	-	33,139
Charges for services	16,385	-	-	-	2,765	9,310
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	16,385	7,167	-	4,384	2,765	42,449
Disbursements:						
General government	-	-	-	-	136	-
Public safety	12,709	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	2,598	-	-	-	41,091
Culture and recreation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Total disbursements	12,709	2,598	-	-	136	41,091
Excess (deficiency) of receipts over disbursements	3,676	4,569	-	4,384	2,629	1,358
Other financing sources (uses):						
Interfund loans in	-	-	-	-	-	-
Interfund loans out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,676	4,569	-	4,384	2,629	1,358
Cash and investment fund balance - beginning	33,593	16,223	123	10,542	11,960	16,649
Cash and investment fund balance - ending	<u>\$ 37,269</u>	<u>\$ 20,792</u>	<u>\$ 123</u>	<u>\$ 14,926</u>	<u>\$ 14,589</u>	<u>\$ 18,007</u>
Cash and Investment Assets - December 31						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	37,269	20,792	123	14,926	14,589	18,007
Total cash and investment assets - December 31	<u>\$ 37,269</u>	<u>\$ 20,792</u>	<u>\$ 123</u>	<u>\$ 14,926</u>	<u>\$ 14,589</u>	<u>\$ 18,007</u>
Cash and Investment Fund Balance - December 31						
Restricted for:						
Highways	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	37,269	-	-	-	-	-
Health and welfare	-	20,792	123	14,926	-	18,007
Culture and recreation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Other purposes	-	-	-	-	14,589	-
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 37,269</u>	<u>\$ 20,792</u>	<u>\$ 123</u>	<u>\$ 14,926</u>	<u>\$ 14,589</u>	<u>\$ 18,007</u>

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

	Home Detention	Community Corrections	Community Corrections Project Income	Emergency Planning and Right to Know	County Drug Free Community	Sheriff's Motor Vehicle Registration Penalties
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	103,794	-	-	-	-
Charges for services	1,585	-	-	-	-	-
Fines and forfeits	-	-	8,016	-	7,482	-
Other	-	-	-	203	1,675	-
Total receipts	1,585	103,794	8,016	203	9,157	-
Disbursements:						
General government	-	-	-	-	-	-
Public safety	258	106,136	11,538	546	9,834	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Total disbursements	258	106,136	11,538	546	9,834	-
Excess (deficiency) of receipts over disbursements	1,327	(2,342)	(3,522)	(343)	(677)	-
Other financing sources (uses):						
Interfund loans in	-	-	-	-	-	-
Interfund loans out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,327	(2,342)	(3,522)	(343)	(677)	-
Cash and investment fund balance - beginning	371	11,355	18,355	23,717	28,584	12
Cash and investment fund balance - ending	<u>\$ 1,698</u>	<u>\$ 9,013</u>	<u>\$ 14,833</u>	<u>\$ 23,374</u>	<u>\$ 27,907</u>	<u>\$ 12</u>
Cash and Investment Assets - December 31						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	1,698	9,013	14,833	23,374	27,907	12
Total cash and investment assets - December 31	<u>\$ 1,698</u>	<u>\$ 9,013</u>	<u>\$ 14,833</u>	<u>\$ 23,374</u>	<u>\$ 27,907</u>	<u>\$ 12</u>
Cash and Investment Fund Balance - December 31						
Restricted for:						
Highways	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	1,698	9,013	14,833	23,374	27,907	12
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 1,698</u>	<u>\$ 9,013</u>	<u>\$ 14,833</u>	<u>\$ 23,374</u>	<u>\$ 27,907</u>	<u>\$ 12</u>

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

	Emergency Telephone System E-911	Guardian Ad Litem	County Corrections Misdemeanant	Supplemental Public Defender Service	Drainage Maintenance	Election
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 829
Special assessments	-	-	-	-	56,717	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	37,835	-	3,500	-	-	84,831
Charges for services	72,556	-	-	-	-	-
Fines and forfeits	-	-	-	42,657	-	-
Other	2,026	1,000	-	-	-	11
Total receipts	112,417	1,000	3,500	42,657	56,717	85,671
Disbursements:						
General government	-	-	-	47,965	8,495	123,384
Public safety	99,808	1,000	764	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Total disbursements	99,808	1,000	764	47,965	8,495	123,384
Excess (deficiency) of receipts over disbursements	12,609	-	2,736	(5,308)	48,222	(37,713)
Other financing sources (uses):						
Interfund loans in	-	-	-	-	300	-
Interfund loans out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	300	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	12,609	-	2,736	(5,308)	48,522	(37,713)
Cash and investment fund balance - beginning	116,510	-	7,027	5,308	18,291	42,525
Cash and investment fund balance - ending	<u>\$ 129,119</u>	<u>\$ -</u>	<u>\$ 9,763</u>	<u>\$ -</u>	<u>\$ 66,813</u>	<u>\$ 4,812</u>
Cash and Investment Assets - December 31						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	129,119	-	9,763	-	66,813	4,812
Total cash and investment assets - December 31	<u>\$ 129,119</u>	<u>\$ -</u>	<u>\$ 9,763</u>	<u>\$ -</u>	<u>\$ 66,813</u>	<u>\$ 4,812</u>
Cash and Investment Fund Balance - December 31						
Restricted for:						
Highways	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	129,119	-	9,763	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Other purposes	-	-	-	-	66,813	4,812
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 129,119</u>	<u>\$ -</u>	<u>\$ 9,763</u>	<u>\$ -</u>	<u>\$ 66,813</u>	<u>\$ 4,812</u>

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

	Public Mass Transportation	Midmonth Advance	Economic Development	Deferral Program	Park and Recreation	Local Option Highway Utility Tax (LOHUT)
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 216	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	187,588	-	215,531	-	315	81,090
Charges for services	-	-	-	9,389	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	199,650	11,773	-	2,313	-
Total receipts	187,588	199,650	227,304	9,389	2,844	81,090
Disbursements:						
General government	187,588	199,650	-	-	-	-
Public safety	-	-	-	15,686	-	-
Highways and streets	-	-	-	-	-	43,622
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	1,722	-
Economic development	-	-	278,403	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Total disbursements	187,588	199,650	278,403	15,686	1,722	43,622
Excess (deficiency) of receipts over disbursements	-	-	(51,099)	(6,297)	1,122	37,468
Other financing sources (uses):						
Interfund loans in	-	-	-	-	-	-
Interfund loans out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(51,099)	(6,297)	1,122	37,468
Cash and investment fund balance - beginning	-	-	256,529	33,535	79,872	3,407
Cash and investment fund balance - ending	\$ -	\$ -	\$ 205,430	\$ 27,238	\$ 80,994	\$ 40,875
Cash and Investment Assets - December 31						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	205,430	27,238	80,994	40,875
Total cash and investment assets - December 31	\$ -	\$ -	\$ 205,430	\$ 27,238	\$ 80,994	\$ 40,875
Cash and Investment Fund Balance - December 31						
Restricted for:						
Highways	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,875
Public safety	-	-	-	27,238	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	80,994	-
Economic development	-	-	205,430	-	-	-
Other purposes	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ -	\$ -	\$ 205,430	\$ 27,238	\$ 80,994	\$ 40,875

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

	Local Health Maintenance Tobacco Funds	Tobacco Settlement	Juvenile Intake Center Services	Adult Probation Interstate Fee	Probation Administrative Fee	Sheriff's Special Programs
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	12,251	6,286	-	-	-	-
Charges for services	-	-	714	-	-	-
Fines and forfeits	-	-	-	562	3,428	-
Other	-	-	-	-	-	-
Total receipts	<u>12,251</u>	<u>6,286</u>	<u>714</u>	<u>562</u>	<u>3,428</u>	<u>-</u>
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	705	-	9,006	-
Highways and streets	-	-	-	-	-	-
Health and welfare	7,477	7,789	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Total disbursements	<u>7,477</u>	<u>7,789</u>	<u>705</u>	<u>-</u>	<u>9,006</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>4,774</u>	<u>(1,503)</u>	<u>9</u>	<u>562</u>	<u>(5,578)</u>	<u>-</u>
Other financing sources (uses):						
Interfund loans in	-	-	-	-	-	-
Interfund loans out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>4,774</u>	<u>(1,503)</u>	<u>9</u>	<u>562</u>	<u>(5,578)</u>	<u>-</u>
Cash and investment fund balance - beginning	<u>12,045</u>	<u>5,667</u>	<u>192</u>	<u>1,313</u>	<u>7,528</u>	<u>300</u>
Cash and investment fund balance - ending	<u>\$ 16,819</u>	<u>\$ 4,164</u>	<u>\$ 201</u>	<u>\$ 1,875</u>	<u>\$ 1,950</u>	<u>\$ 300</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	<u>16,819</u>	<u>4,164</u>	<u>201</u>	<u>1,875</u>	<u>1,950</u>	<u>300</u>
Total cash and investment assets - December 31	<u>\$ 16,819</u>	<u>\$ 4,164</u>	<u>\$ 201</u>	<u>\$ 1,875</u>	<u>\$ 1,950</u>	<u>\$ 300</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Highways	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	201	1,875	1,950	300
Health and welfare	16,819	4,164	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 16,819</u>	<u>\$ 4,164</u>	<u>\$ 201</u>	<u>\$ 1,875</u>	<u>\$ 1,950</u>	<u>\$ 300</u>

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

	Reserve Deputy Donations	Sheriff Equipment Donations	Sheriff K-9 Donations	Operation Pullover	Bioterrorism Grant	Homeland Security Grant
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	2,000	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	1,760	-	17,409	-	-	-
Total receipts	1,760	-	17,409	-	2,000	-
Disbursements:						
General government	-	-	-	-	-	-
Public safety	1,517	-	15,869	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	10,148	-
Culture and recreation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Total disbursements	1,517	-	15,869	-	10,148	-
Excess (deficiency) of receipts over disbursements	243	-	1,540	-	(8,148)	-
Other financing sources (uses):						
Interfund loans in	-	-	-	-	-	-
Interfund loans out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	243	-	1,540	-	(8,148)	-
Cash and investment fund balance - beginning	1,902	200	850	253	10,033	6
Cash and investment fund balance - ending	<u>\$ 2,145</u>	<u>\$ 200</u>	<u>\$ 2,390</u>	<u>\$ 253</u>	<u>\$ 1,885</u>	<u>\$ 6</u>
Cash and Investment Assets - December 31						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	2,145	200	2,390	253	1,885	6
Total cash and investment assets - December 31	<u>\$ 2,145</u>	<u>\$ 200</u>	<u>\$ 2,390</u>	<u>\$ 253</u>	<u>\$ 1,885</u>	<u>\$ 6</u>
Cash and Investment Fund Balance - December 31						
Restricted for:						
Highways	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	2,145	200	2,390	253	-	6
Health and welfare	-	-	-	-	1,885	-
Culture and recreation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 2,145</u>	<u>\$ 200</u>	<u>\$ 2,390</u>	<u>\$ 253</u>	<u>\$ 1,885</u>	<u>\$ 6</u>

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

	Community Development Block Grant Handicap Grant	Child Safety	Children's Psychiatric Residential Treatment	Rainy Day Fund	Public Health Coordinator Grant	GED Donations
Receipts:						
Taxes	\$ -	\$ -	\$ 52,781	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	267,407	-	7,271	-	40,473	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	3,192	-	-	-	60
Total receipts	267,407	3,192	60,052	-	40,473	60
Disbursements:						
General government	395,219	-	-	-	-	45
Public safety	-	1,094	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	27,129	-	38,500	-
Culture and recreation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Total disbursements	395,219	1,094	27,129	-	38,500	45
Excess (deficiency) of receipts over disbursements	(127,812)	2,098	32,923	-	1,973	15
Other financing sources (uses):						
Interfund loans in	-	-	-	100,000	-	-
Interfund loans out	-	-	-	(25,000)	-	-
Total other financing sources (uses)	-	-	-	75,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(127,812)	2,098	32,923	75,000	1,973	15
Cash and investment fund balance - beginning	127,812	-	20,441	22,669	1,850	-
Cash and investment fund balance - ending	\$ -	\$ 2,098	\$ 53,364	\$ 97,669	\$ 3,823	\$ 15
Cash and Investment Assets - December 31						
Cash and investments	\$ -	\$ -	\$ -	\$ 97,669	\$ -	\$ -
Restricted assets:						
Cash and investments	-	2,098	53,364	-	3,823	15
Total cash and investment assets - December 31	\$ -	\$ 2,098	\$ 53,364	\$ 97,669	\$ 3,823	\$ 15
Cash and Investment Fund Balance - December 31						
Restricted for:						
Highways	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	2,098	-	-	-	-
Health and welfare	-	-	53,364	-	3,823	-
Culture and recreation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Other purposes	-	-	-	-	-	15
Unrestricted	-	-	-	97,669	-	-
Total cash and investment fund balance - December 31	\$ -	\$ 2,098	\$ 53,364	\$ 97,669	\$ 3,823	\$ 15

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

	Mosquito State Grant	Riverboat Revenue	Sheriff's Service of Process (Pension)	Recorder's Identity Security Protection	Health Equipment Donations	Sheriff's Commissary
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	117,409	-	-	-	-
Charges for services	-	-	-	4,272	-	31,359
Fines and forfeits	-	-	1,144	-	-	-
Other	-	-	-	-	11,000	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,000</u>	<u>-</u>
Total receipts	<u>-</u>	<u>117,409</u>	<u>1,144</u>	<u>4,272</u>	<u>11,000</u>	<u>31,359</u>
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	28,152
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	453	-
Culture and recreation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>453</u>	<u>28,152</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>117,409</u>	<u>1,144</u>	<u>4,272</u>	<u>10,547</u>	<u>3,207</u>
Other financing sources (uses):						
Interfund loans in	-	-	-	-	-	-
Interfund loans out	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>117,409</u>	<u>1,144</u>	<u>4,272</u>	<u>10,547</u>	<u>3,207</u>
Cash and investment fund balance - beginning	<u>285</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,000</u>
Cash and investment fund balance - ending	<u>\$ 285</u>	<u>\$ 117,409</u>	<u>\$ 1,144</u>	<u>\$ 4,272</u>	<u>\$ 10,547</u>	<u>\$ 5,207</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	<u>285</u>	<u>117,409</u>	<u>1,144</u>	<u>4,272</u>	<u>10,547</u>	<u>5,207</u>
Total cash and investment assets - December 31	<u>\$ 285</u>	<u>\$ 117,409</u>	<u>\$ 1,144</u>	<u>\$ 4,272</u>	<u>\$ 10,547</u>	<u>\$ 5,207</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
Highways	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	1,144	-	-	5,207
Health and welfare	285	-	-	-	10,547	-
Culture and recreation	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Other purposes	-	117,409	-	4,272	-	-
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and investment fund balance - December 31	<u>\$ 285</u>	<u>\$ 117,409</u>	<u>\$ 1,144</u>	<u>\$ 4,272</u>	<u>\$ 10,547</u>	<u>\$ 5,207</u>

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

	4-H Building	Cumulative Bridge	Cumulative Capital Development	General Drain Improvement	Community Care Project Escrow	Totals
Receipts:						
Taxes	\$ 11,100	\$ 102,405	\$ 65,891	\$ -	\$ -	\$ 393,246
Special assessments	-	-	-	-	-	56,717
Licenses and permits	-	-	-	-	-	8,115
Intergovernmental	-	137,117	10,591	-	-	1,462,119
Charges for services	-	-	-	-	-	167,420
Fines and forfeits	-	-	-	-	-	92,335
Other	-	-	-	-	-	255,810
Total receipts	11,100	239,522	76,482	-	-	2,435,762
Disbursements:						
General government	-	-	-	-	-	1,030,750
Public safety	-	-	-	-	-	352,739
Highways and streets	-	-	-	-	-	192,943
Health and welfare	-	-	-	-	-	267,552
Culture and recreation	10,989	-	-	-	-	12,711
Economic development	-	-	-	-	-	278,403
Capital outlay:						
General government	-	-	28,679	-	-	28,679
Public safety	-	-	18,116	-	-	18,116
Highways and streets	-	258,833	-	-	-	258,833
Total disbursements	10,989	258,833	46,795	-	-	2,440,726
Excess (deficiency) of receipts over disbursements	111	(19,311)	29,687	-	-	(4,964)
Other financing sources (uses):						
Interfund loans in	-	-	-	-	-	125,300
Interfund loans out	-	-	-	(300)	-	(25,300)
Total other financing sources (uses)	-	-	-	(300)	-	100,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	111	(19,311)	29,687	(300)	-	95,036
Cash and investment fund balance - beginning	-	163,712	160,225	4,526	3,018	1,589,393
Cash and investment fund balance - ending	<u>\$ 111</u>	<u>\$ 144,401</u>	<u>\$ 189,912</u>	<u>\$ 4,226</u>	<u>\$ 3,018</u>	<u>\$ 1,684,429</u>
Cash and Investment Assets - December 31						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 97,669
Restricted assets:						
Cash and investments	111	144,401	189,912	4,226	3,018	1,586,760
Total cash and investment assets - December 31	<u>\$ 111</u>	<u>\$ 144,401</u>	<u>\$ 189,912</u>	<u>\$ 4,226</u>	<u>\$ 3,018</u>	<u>\$ 1,684,429</u>
Cash and Investment Fund Balance - December 31						
Restricted for:						
Highways	\$ -	\$ 144,401	\$ -	\$ -	\$ -	\$ 190,064
Public safety	-	-	-	-	-	324,632
Health and welfare	-	-	-	-	-	226,733
Culture and recreation	111	-	-	-	3,018	84,123
Economic development	-	-	-	-	-	205,430
Other purposes	-	-	189,912	4,226	-	555,778
Unrestricted	-	-	-	-	-	97,669
Total cash and investment fund balance - December 31	<u>\$ 111</u>	<u>\$ 144,401</u>	<u>\$ 189,912</u>	<u>\$ 4,226</u>	<u>\$ 3,018</u>	<u>\$ 1,684,429</u>

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

	<u>Sheriff's Pension Trust</u>
Additions:	
Contributions:	
Employer	\$ 49,093
Plan members	<u>9,494</u>
Total contributions	<u>58,587</u>
Investment receipts:	
Net increase in investments	5,633
Interest	<u>17,920</u>
Total investment receipts	<u>23,553</u>
Total additions	<u>82,140</u>
Deductions:	
Benefits	49,739
Refunds of contributions	2
Administrative and general	<u>11,870</u>
Total deductions	<u>61,611</u>
Excess of total additions over total deductions	20,529
Cash and investment fund balance - beginning	<u>485,241</u>
Cash and investment fund balance - ending	<u><u>\$ 505,770</u></u>

UNION COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For The Year Ended December 31, 2006

	<u>Crawford Cemetery Perpetual Care</u>	<u>Congressional School Principal</u>	<u>Totals</u>
Additions:			
Investment earnings:			
Interest	\$ 78	\$ -	\$ 78
Total investment earnings	78	-	78
Less investment disbursements	<u>(78)</u>	<u>-</u>	<u>(78)</u>
Net investment earnings	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investment fund balance - beginning	<u>2,500</u>	<u>27,117</u>	<u>29,617</u>
Cash and investment fund balance - ending	<u>\$ 2,500</u>	<u>\$ 27,117</u>	<u>\$ 29,617</u>

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

	State Sales Disclosure Fees	Mortgage Fees State Share	Special Death Benefits	Inheritance Tax	Health Care for the Indigent	Medical Assistance To Wards
Additions:						
Agency fund additions	\$ 1,620	\$ 1,475	\$ 339	\$ 123,876	\$ 49,784	\$ 355
Deductions:						
Agency fund deductions	1,680	1,400	339	125,967	49,784	355
Excess (deficiency) of total additions over total deductions	(60)	75	-	(2,091)	-	-
Cash and investment fund balance - beginning	150	138	-	60,646	-	-
Cash and investment fund balance - ending	<u>\$ 90</u>	<u>\$ 213</u>	<u>\$ -</u>	<u>\$ 58,555</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Children With Special Medical Needs	Surplus Dog Tax	Surplus Tax	Tax Sale Surplus	Tax Sale Redemption	State Fines and Forfeitures
Additions:						
Agency fund additions	\$ 2,483	\$ 513	\$ 18,100	\$ 4,704	\$ 10,173	\$ 27,427
Deductions:						
Agency fund deductions	2,483	513	11,765	18,106	8,914	45,577
Excess (deficiency) of total additions over total deductions	-	-	6,335	(13,402)	1,259	(18,150)
Cash and investment fund balance - beginning	-	-	1,718	18,637	2,940	21,046
Cash and investment fund balance - ending	\$ -	\$ -	\$ 8,053	\$ 5,235	\$ 4,199	\$ 2,896

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

	Welfare Trust	Infraction Judgments	Coroner's Training and Continuing Education	City/Town Court Costs	Congressional Interest	Education Fund	Wheel Tax
Additions:							
Agency fund additions	\$ 1,416	\$ 20,407	\$ 176	\$ 3,869	\$ 426	\$ 319	\$ 19,612
Deductions:							
Agency fund deductions	1,747	22,043	189	6,710	2,169	319	20,192
Excess (deficiency) of total additions over total deductions	(331)	(1,636)	(13)	(2,841)	(1,743)	-	(580)
Cash and investment fund balance - beginning	577	1,636	21	4,158	23,824	-	580
Cash and investment fund balance - ending	<u>\$ 246</u>	<u>\$ -</u>	<u>\$ 8</u>	<u>\$ 1,317</u>	<u>\$ 22,081</u>	<u>\$ -</u>	<u>\$ -</u>

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

	<u>Surtax</u>	<u>Child Seatbelt Fine</u>	<u>Adult Offender Interstate</u>	<u>Riverboat Wagering Tax</u>	<u>Levy Excess County</u>	<u>Tax Distribution</u>	<u>Payroll Funds</u>
Additions:							
Agency fund additions	\$ 72,194	\$ 25	\$ 562	\$ 46,245	\$ 61,183	\$ 8,422,259	\$ 1,114,177
Deductions:							
Agency fund deductions	72,194	25	562	151,362	-	8,411,761	1,114,490
Excess (deficiency) of total additions over total deductions	-	-	-	(105,117)	61,183	10,498	(313)
Cash and investment fund balance - beginning	-	-	75	105,117	-	-	45,744
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75</u>	<u>\$ -</u>	<u>\$ 61,183</u>	<u>\$ 10,498</u>	<u>\$ 45,431</u>

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

	County Sheriff	Inmate Trust	County Recorder	Clerk of the Circuit Court	County Treasurer	County Probation	Totals
Additions:							
Agency fund additions	\$ 159,393	\$ 35,946	\$ 42,629	\$ 1,130,892	\$ 11,534,958	\$ 32,688	\$ 22,940,225
Deductions:							
Agency fund deductions	159,393	37,099	42,629	1,117,736	12,301,966	37,036	23,766,505
Excess (deficiency) of total additions over total deductions	-	(1,153)	-	13,156	(767,008)	(4,348)	(826,280)
Cash and investment fund balance - beginning	-	1,351	-	140,167	835,560	4,348	1,268,433
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 198</u>	<u>\$ -</u>	<u>\$ 153,323</u>	<u>\$ 68,552</u>	<u>\$ -</u>	<u>\$ 442,153</u>

UNION COUNTY
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2006

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

General infrastructure assets have been omitted by the unit.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 238,510
Buildings	2,258,391
Improvements other than buildings	685,851
Machinery and equipment	<u>2,069,943</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 5,252,695</u>

UNION COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2006

CAPITAL LEASES

The County has entered into the following capital leases:

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
Courthouse Renovation	\$ 2,500,000	\$ 70,000
Gradall Equipment	<u>156,983</u>	<u>28,587</u>
Total governmental activities long-term debt	<u>\$ 2,656,983</u>	<u>\$ 98,587</u>

UNION 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 Sheriff
Board of County Commissioners

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 UNION COUNTY, INDIANA

Compliance

We have audited the compliance of Union County (County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2006. The County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006. 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 2006-1.

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 2006-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider 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 are described in the accompanying Corrective Action Plan section of the report. We did not audit the County's response and, accordingly, we express no opinion on it.

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

STATE BOARD OF ACCOUNTS

August 30, 2007

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

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 HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Indiana Office of Community and Rural Affairs Community Development Block Grant Courthouse Accessibility Project	14.228	CF-04-218	\$ 190,860
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation Highway Planning and Construction	20.205	BR-NBIS (575) STP-674	15,362 <u>2,000</u>
Total for program			<u>17,362</u>
Formula Grants for Other Than Urbanized Areas	20.509	18024120	<u>122,149</u>
Total for federal grantor agency			<u>139,511</u>
<u>ELECTION ASSISTANCE COMMISSION</u>			
Pass-Through Indiana Secretary of State Help America Vote Act Requirements Payments Replacement of Voting Systems Election Technical and Administrative Requirements	90.401		31,920 <u>51,700</u>
Total for program			<u>83,620</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through Indiana Department of Health Public Health Preparedness and Response to Bioterrorism	93.283	BPRS	<u>37,917</u>
Pass-Through Indiana Department of Child Services Child Support Enforcement Prosecutor Incentive County Clerk Incentive Indirect Costs	93.563		7,218 7,825 <u>15,158</u>
Total for program			<u>30,201</u>
Total for federal grantor agency			<u>68,118</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security State Domestic Preparedness Equipment Support Program	97.004	2006	<u>7,044</u>
Disaster Grants - Public Assistance	97.036	161-UJEEPU-00	<u>123,124</u>
Total for federal grantor agency			<u>130,168</u>
Total federal awards expended			<u>\$ 612,277</u>

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

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

II. Subrecipients

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

Program Title	Federal CFDA Number	2006
Formula Grants for Other Than Urbanized Areas	20.509	<u>\$ 122,149</u>

UNION 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?	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
14.228	Community Development Block Grant
20.509	Formula Grants for Other Than Urbanized Areas

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

Auditee qualified as low-risk auditee? no

UNION COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

FINDING 2006-1, COMMUNITY DEVELOPMENT BLOCK GRANT – CASH MANAGEMENT

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: Community Development Block Grant
CFDA Number: 14.228
Pass-Through Entity: Indiana Office of Community and Rural Affairs

Union County has not implemented internal controls to minimize the time elapsing between the transfer of grant funds and their disbursement. On four occasions during calendar year 2006, the County held in excess of \$5,000 for longer than three business days. It was determined through discussion with the Auditor's Office that the temporary relocation to another site during construction and moving back into new offices in the Courthouse greatly disturbed normal operations and many standard procedures.

The Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Governments OMB Circular 102 (Paragraph 2.a.) requires the County to "minimize the time elapsing between the transfer to recipients of grants and cooperative agreements and the recipient's needs for the funds."

We recommended that Union County implement procedures to ensure grant funds are disbursed in a timely manner so that grant funds are not held any longer than necessary.

UNION COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



**VIRGINIA BOSTICK
UNION COUNTY AUDITOR**

26 West Union Street, Liberty, In 47353
(765) 458-5464
Cheryl Faber 1st Deputy - Pat Hensley 2nd Deputy

August 8, 2007

CORRECTIVE ACTION PLAN

Finding No. 2006-1 Community Development Block Grant – Cash Management

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: Community Development Block Grant
CFDA Number: 14.228
Pass-Through Entity: Indiana Department of Commerce
Auditee Contact Person: Virginia Bostick
Title of Contact Person: County Auditor
Phone Number: 765-458-5464
Expected Completion Date: December 31, 2006

Corrective Action:

The Auditor's office is now settled into their new offices in the courthouse and we will monitor more closely the grant funds. The treasure will notify us of the electronic deposits and I have advised the deputy auditor who writes checks these funds must be disbursed within the required 3 days. I believe in the future we will be able to monitor any CDBG funds and comply with the requirements.

Virginia Bostick

Virginia Bostick
Union County Auditor

UNION COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 30, 2007, with Virginia Bostick, Auditor; Allen F. Paddock, President of the Board of County Commissioners; and Alan Alcorn, President of the County Council.