

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

ANNUAL FINANCIAL REPORT

2005

TIPPECANOE COUNTY, INDIANA



FILED

08/11/2006

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Robert A. Plantenga	01-01-03 to 12-31-06
Treasurer	Oneta Tolle	01-01-05 to 12-31-08
Clerk	Linda Phillips	01-01-03 to 12-31-06
Sheriff	William Anderson	01-01-03 to 12-31-06
Recorder	Pam Berglund	01-01-03 to 12-31-06
President of the Board of County Commissioners	KD Benson John L. Knochel	01-01-05 to 12-31-05 01-01-06 to 12-31-06
President of the County Council	Kathy Vernon David S. Byers	01-01-05 to 12-31-05 01-01-06 to 12-31-06



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 TIPPECANOE COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Tippecanoe County (County), as of and for the year ended December 31, 2005, as listed in the table of contents, which collectively comprise the County's basic financial statements. 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 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 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. The basis of accounting noted above is a different basis than that used in the prior year.

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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 cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

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 the Governmental Accounting Standards Board. 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 Auditee prepared supplementary information consists of Schedules of Capital Assets, Construction Commitments, Leases, Long-Term Liabilities and Changes in Long-Term Debt, as listed in the table of contents, and is not a required part of basic financial statements which are presented on a comprehensive basis of accounting other than accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of review of the supporting documentation and inquiries of management, regarding the methods of determination, measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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

The County has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In accordance with Government Auditing Standards, we have also issued a report dated April 26, 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. This separate report is an integral part of an audit performed in accordance with Government Auditing Standards issued by the Comptroller General of the United States and, in considering the results of the audit, this report should be read along with the auditor's report on the financial statements.

Our audit was performed for the purpose of forming an opinion on the 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

STATE BOARD OF ACCOUNTS

April 26, 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 TIPPECANOE COUNTY, INDIANA

We have audited the financial statements of Tippecanoe County (County), as of and for the year ended December 31, 2005, and have issued our report thereon dated April 26, 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.

We noted certain immaterial instances of noncompliance that we have discussed with the management of the County on April 26, 2006. These immaterial instances of noncompliance were subsequently communicated to management in a separate letter.

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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the County's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as item 2005-1.

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. Our consideration of the

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
(Continued)

internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe none of the reportable conditions described above is a material weakness.

We noted other matters involving the internal control over financial reporting that we have discussed with the management of the County on April 26, 2006. These immaterial instances of noncompliance were subsequently communicated to management in a separate letter.

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

April 26, 2006

TIPPECANOE COUNTY
STATEMENT OF CASH AND INVESTMENTS
December 31, 2005

<u>Assets</u>	<u>Primary Government Governmental Activities</u>
Cash and investments	\$ 71,849,086
Cash with fiscal agent	1,436,154
Restricted assets:	
Cash and investments	1,579,693
 Total assets	 \$ 74,864,933
 <u>Net Assets</u>	
Restricted for:	
General government	\$ 28,905,943
Public safety	2,609,411
Highway and streets	38,542,186
Sanitation	212,374
Health and welfare	2,911,418
Culture and recreation	83,886
Unrestricted	1,599,715
 Total net assets	 \$ 74,864,933

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

TIPPECANOE COUNTY
STATEMENT OF CASH ACTIVITIES
For The Year Ended December 31, 2005

Functions/Programs	Disbursements	Program Receipts			Net (Disbursement) Receipt and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 31,424,724	\$ 11,424,621	\$ 1,037,874	\$ 42,340	\$ (18,919,889)	\$ (18,919,889)
Public safety	24,043,778	8,317,391	1,469,120	455,912	(13,801,355)	(13,801,355)
Highways and streets	11,214,256	6,924,814	138,470	163,301	(3,987,671)	(3,987,671)
Sanitation	194,768	60,037	-	142,351	7,620	7,620
Health and welfare	10,869,819	4,215,920	1,130,829	47,066	(5,476,004)	(5,476,004)
Culture and recreation	941,336	145,300	-	-	(796,036)	(796,036)
Urban redevelopment and housing	384,834	441,360	-	-	56,526	56,526
Interest on long-term debt	678,533	-	-	-	(678,533)	(678,533)
Total primary government	<u>\$ 79,752,048</u>	<u>\$ 31,529,443</u>	<u>\$ 3,776,293</u>	<u>\$ 850,970</u>	<u>\$ (43,595,342)</u>	<u>(43,595,342)</u>
General receipts:						
Property taxes						29,219,614
License excise taxes						1,761,753
COIT taxes						4,853,227
Other intergovernmental receipts						530,283
Interest income						3,216,293
Other general receipts						41,694
Other nonoperating receipts						1,639,896
Total general receipts						<u>41,262,760</u>
Change in net assets						(2,332,582)
Net assets - beginning						<u>77,197,515</u>
Net assets - ending						<u>\$ 74,864,933</u>

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

TIPPECANOE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2005

	General	Highway Fund	Local Road and Street	County EDIT Fund	Cumulative Bridge	Other Governmental Funds	Totals
Cash and investments - January 1	\$ 1,758,032	\$ 2,475,645	\$ 5,561,981	\$ 10,226,953	\$ 27,536,143	\$ 28,561,853	\$ 76,120,607
Operating receipts:							
Taxes	15,834,782	-	-	4,241,722	2,514,240	6,628,870	29,219,614
Licenses and permits	748,040	42,659	-	-	-	4,910	795,609
Intergovernmental	12,495,622	3,549,898	922,236	-	347,903	10,968,822	28,284,481
Charges for services	82,516	46,932	-	-	-	5,851,814	5,981,262
Fines and forfeits	773,226	-	-	-	-	301,078	1,074,304
Other	1,277,597	95,219	184,233	298,260	905,231	3,112,774	5,873,314
Total operating receipts	31,211,783	3,734,708	1,106,469	4,539,982	3,767,374	26,868,268	71,228,584
Other receipts	1,639,896	-	-	-	-	-	1,639,896
Transfers in	-	-	-	-	-	2,922,777	2,922,777
Total receipts	32,851,679	3,734,708	1,106,469	4,539,982	3,767,374	29,791,045	75,791,257
Operating disbursements:							
General government	16,642,254	-	-	4,152,085	-	3,179,448	23,973,787
Public safety	13,216,940	-	-	-	-	9,828,002	23,044,942
Highways and streets	-	3,752,014	1,518,942	-	-	75,098	5,346,054
Sanitation	-	-	-	-	-	194,768	194,768
Health and welfare	1,867,659	-	-	-	-	9,002,160	10,869,819
Culture and recreation	898,309	-	-	-	-	10,483	908,792
Urban redevelopment and housing	384,834	-	-	-	-	-	384,834
Capital outlay	-	-	-	-	5,218,311	2,840,887	8,059,198
Debt service:							
Principal	-	-	-	-	-	1,752,001	1,752,001
Interest and paying agent fees	-	-	-	-	-	678,533	678,533
Total operating disbursements	33,009,996	3,752,014	1,518,942	4,152,085	5,218,311	27,561,380	75,212,728
Transfers out	-	-	-	2,819,767	-	103,010	2,922,777
Total disbursements	33,009,996	3,752,014	1,518,942	6,971,852	5,218,311	27,664,390	78,135,505
Excess (deficiency) of total receipts over (under) total disbursements	(158,317)	(17,306)	(412,473)	(2,431,870)	(1,450,937)	2,126,655	(2,344,248)
Cash and investments - December 31	\$ 1,599,715	\$ 2,458,339	\$ 5,149,508	\$ 7,795,083	\$ 26,085,206	\$ 30,688,508	\$ 73,776,359

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

TIPPECANOE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH AND INVESTMENTS
PROPRIETARY FUND
For The Year Ended December 31, 2005

	Internal Service
Cash and investments - January 1	\$ 1,076,908
Operating receipts:	
Other	4,519,602
Nonoperating receipts:	
Other receipts	31,384
Total receipts	4,550,986
Operating disbursements:	
Insurance benefits	4,539,320
Excess of total receipts over total disbursements	11,666
Cash and investments - December 31	\$ 1,088,574

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

TIPPECANOE COUNTY
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENTS
FIDUCIARY FUNDS
For The Year Ended December 31, 2005

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Cash and investments - January 1	\$ 9,721,640	\$ 8,726,828	\$ 10,074,772
Additions:			
Contributions:			
Employer	709,129	-	-
Investment earnings:			
Interest	512,587	266,499	-
Agency fund additions	<u>-</u>	<u>-</u>	<u>464,792,122</u>
Total additions	<u>1,221,716</u>	<u>266,499</u>	<u>464,792,122</u>
Deductions:			
Benefits	379,439	-	-
Administrative expense	91,345	686,972	-
Agency fund deductions	<u>-</u>	<u>-</u>	<u>466,514,322</u>
Total deductions	<u>470,784</u>	<u>686,972</u>	<u>466,514,322</u>
Excess (deficiency) of total additions over (under) total deductions	<u>750,932</u>	<u>(420,473)</u>	<u>(1,722,200)</u>
Cash and investments - December 31	<u>\$ 10,472,572</u>	<u>\$ 8,306,355</u>	<u>\$ 8,352,572</u>

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

TIPPECANOE 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.

These financial statements present the County (primary government). There are no significant component units which require inclusion.

Joint Venture

The primary government is a participant with the City of Lafayette, the City of West Lafayette, and the Town of Battleground in a joint venture to operate the Lafayette Housing Consortium which was created to undertake eligible housing assistance activities under the HOME Investment Partnerships Program (HOME) as set forth in the National Affordable Housing Act (NAHA). The County agrees to cooperate, to undertake, or assist in undertaking housing activities for HOME. Complete financial statements for the Lafayette Housing Consortium can be obtained from the City of Lafayette.

Related Organizations

The primary government's officials are also responsible for appointing the members of the boards of other organizations, but the primary government's accountability for these organizations does not extend beyond making the appointments. The primary government appoints the board members of the following boards: Wabash River Heritage Corridor Commission, Alcoholic Beverage Commission, Greater Lafayette Convention and Visitors Bureau, Downtown Business Center, Tippecanoe Environmental Response Finance Board, Child Protective Services Board, Juvenile Justice Commission, Local Emergency Planning Council, Hoosier Heartland Corridor Commission, Lafayette Redevelopment Commission, Wabash River Parkway Commission and Wildcat Creek Solid Waste Management District.

B. Government-wide and Fund Financial Statements

Government-wide financial statements, (i.e., the Statement of Cash and Investments and the Statement of Cash Activities) report information on all of the nonfiduciary activities of the County. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. However, there are no business-type activities to report at this time.

The Statement of Cash Activities demonstrates the degree to which direct disbursements of a given function or segment are offset by program receipts. Direct disbursements are clearly identifiable with a specific function or segment. Program receipts include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as general receipts.

TIPPECANOE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Separate financial statements are provided for governmental 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.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide, governmental fund and fiduciary fund financial statements are reported using the 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 accounting principles generally accepted in the United States. Receipts are recorded when received and disbursements are recorded when paid.

The cash basis of accounting differs from accounting principles generally accepted in the United States 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.

The County reports the following major governmental funds:

The general fund is the County's primary operating fund and accounts for all financial resources of the County, except those required to be accounted for in another fund.

The county highway fund accounts for the financial resources and expenses for construction, operation, and maintenance of county roads.

The local road and street fund accounts for the financial resources and expenses for construction, operation, and maintenance of county roads.

The county edit fund accounts for revenues received from the County Economic Development Income Tax (CEDIT) and are used for construction of projects funded by these revenues.

The cumulative bridge fund accounts for the financial resources and expenses for construction and maintenance on the county bridges.

Additionally, the County reports the following fund types:

The internal service fund accounts for health insurance , property insurance and general liability insurance 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 funds report trust arrangements under which principal and income benefit the local school corporations and landfill clean up.

Agency funds account for assets held by the primary government as an agent for individuals, private organizations, and other governments.

TIPPECANOE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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.

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.

When both restricted and unrestricted resources are available for use, the County's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Net Assets or Equity

1. Deposits and Investments

State statute (IC 5-13-9) authorizes the County to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Governmental, Internal Service and Fiduciary Funds

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the County in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the County on or prior to December 31 of the year collected.

3. Compensated Absences

a. Sick Leave

Employees earn sick leave at the rate of 1 day per month. Unused sick leave may be accumulated to a maximum of 66 days. Accumulated sick leave is not paid to employees.

TIPPECANOE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

b. Vacation Leave

Employees earn vacation leave at rates from 10 days to 25 days per year based upon the number of years of service. Vacation leave may be accumulated to a maximum of 1½ times the yearly accrual rate. Accumulated vacation leave is paid to employees through cash payments upon termination.

c. Wellness Leave

Employees earn wellness leave at the rate of 1 day per trimester. Unused wellness leave may be accumulated to a maximum of 3 days. Accumulated wellness leave is paid to employees through cash payments upon termination.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States. 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 without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the total appropriations for any budgeted fund or any department of the general fund. The legal level of budgetary control is by function for all budgeted funds.

B. Cash Balance Deficits

Cash balance deficits for governmental funds arise primarily from disbursements exceeding receipts due to the nature and timing of the grant funding. These deficits are to be repaid from future receipts. The cash balance deficits at December 31, 2005, are:

TIPPECANOE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund	Amount
JAMS Program Grant B (Cary Home)	\$ 2,553
Title II -Formula (Cary Home)	251
Bulletproof Vest Grant	2,218
CC-JEDIS/BEAMS	45,621
JAIBG Juvenile Alternative Grant	3,133
Community Corrections Prevention Program	28,057
Water Quality Education Grant	5,646
Speed Limit Project	11,378
Older Hoosier Act	1,375
ODP 2004	961
Emergency Preparedness B	656
Emergency Preparedness C	15,209
Drug Court Grant	44,075
Criminal Justice	5,708
JAIBG SHOW CAP Grant	19,185
Indiana Law Enforcement Assistance	5,909
New Directions	19,694
WIC	115,042
WIC Peer Enhancement	99
WIC Peer Enhancement B	9,563
Total	\$ 336,333

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

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

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. The Sheriff's Merit Board has established an investment policy for the Sheriff's Retirement and Benefit Pension Plan. This investment policy outlines parameters for investment activity for the Pension Plans. As of December 31, 2005, the Sheriff's Pension Plans had the following investments:

TIPPECANOE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Investment Type	Sheriff's Pension Plans Total Investments	Investment Maturities (in Years)		
		Less Than 1	1-2	More Than 2
U.S. treasuries and securities	\$ 331,918	\$ -	\$ -	\$ -
U.S. agencies	1,996,790	386,484	370,217	1,240,089
Corporate bonds and notes	1,647,819	224,002	180,266	1,049,720
Certificate of deposits	927,561	301,502	414,380	211,679
Mutual funds*	2,358,632	-	-	-
Preferred securities	56,414	-	-	-
Corporate stock	3,606,346	-	-	-
Totals	<u>\$ 10,925,480</u>	<u>\$ 911,988</u>	<u>\$ 964,863</u>	<u>\$ 2,501,488</u>

*The mutual bond fund had a weighted average maturity of five years.

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 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.

TIPPECANOE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

The Sheriff's Pension Plan is not subject to the same investment laws as the County. The investment policy for the Sheriff's Pension Plan was adopted by the Sheriff's Merit Board in June 2005. Authorized investments include those that are allowed by applicable laws and regulations at the discretion of the Trustee within the classes identified in the Trust Agreement and by the state statute.

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 Tippecanoe County Sheriff's Merit Board does not have a formal investment policy for custodial credit risk for investment. At December 31, 2005, the Tippecanoe County Police Pension and Benefit Plans held investments in U.S. Government agencies securities, corporate bonds and notes, certificates of deposit, mutual funds preferred securities, and corporate common stock in the amount of \$11,165,624. Of these investments \$7,739,454 were held by the counterparty's trust department or agent but not in the Tippecanoe County Police Retirement and Benefit Fund'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 Tippecanoe County Police Pension and Benefit Plans do not have a formal investment policy that limits maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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.

		<u>Tippecanoe County Sheriff's Pension Plan's Investments</u>			
<u>Standard and Poor's Rating</u>	<u>Moody's Rating</u>	<u>Mutual Funds</u>	<u>Corporate Bonds</u>	<u>Government Sponsored Enterprise</u>	<u>Preferred Stock</u>
AAA	Aaa	\$ -	\$ 564,861	\$ 1,996,791	\$ 26,030
AA	Aa	-	779,991	-	-
A	A	-	302,967	-	30,384
Unrated	Unrated	<u>50,295</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals		<u>\$ 50,295</u>	<u>\$ 1,647,819</u>	<u>\$ 1,996,791</u>	<u>\$ 56,414</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The Tippecanoe County Sheriff's Merit Board does not have a policy in regards to concentration of credit risk. For publicly traded securities, no more than 5% of the outstanding securities of any single issuer shall be held by the Plan and no more than 7.5% of the

TIPPECANOE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

portfolio assets shall be invested in a single issuer. The policy requires that the measurement be at the time of purchased and on a market-to-market basis. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

Foreign Currency Risk

The Police Pension Plan does not have a formal policy in regards to foreign currency risk. The Plan currently has investments in four international equity mutual funds amounting to 7.3% of the portfolio.

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 job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees, Retirees and Dependents

The County has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees and dependents (excluding post retirement benefits). The risk financing fund is accounted for in the Self-Insurance Health 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 \$1,692,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Amounts are paid into the fund by all funds with payrolls and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are allocated to each of the funds using trends in actual claims experience and are reported as quasi-external interfund transactions.

Errors and Omissions

The primary government has chosen to establish a risk financing fund for risks associated with errors and omissions. The risk financing fund is accounted for in the Self-Insurance Public Officials Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers claims in excess of \$1,000,000 per year. Claim expenditures and liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

TIPPECANOE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Theft of, Damage to, and Destruction of Assets

The primary government has chosen to establish risk financing funds for risks associated with theft of, damage to, and destruction of assets. The risk financing funds are accounted for in the Self-Insurance Commissioners Fund, an internal service fund and Self-Insurance Highway Fund, an internal service fund where assets are set aside for claim settlements. These funds cover only the deductible portion of commercial insurance policies.

Claim expenditures and liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

Torts

The primary government has chosen to establish financing funds for risks associated with torts. The risk financing funds are accounted for in the Self-Insurance Sheriff Fund, an internal service fund, and Self-Insurance Inmate Liability Fund, an internal service fund where assets are set aside for claim settlements. The Self-Insurance Sheriff Fund covers only the deductible portion of commercial insurance. The Self-Insurance Inmate Liability Fund covers major medical bills for inmates of the county jail for which the County would be liable.

Claim expenditures and liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

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. Conduit Debt Obligation

From time to time, the County has issued Economic Development Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the primary government, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2005, there were three series of Economic Development Revenue Bonds outstanding with an aggregate principal amount payable of \$11,655,000.

D. Holding Corporation

The primary government has entered into a capital lease with the Tippecanoe County Governmental 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 primary government. The lessor has been determined to be a related party of the primary government.

TIPPECANOE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

The Tippecanoe County jail renovation and additions under the lease are included in the capital assets of the primary government. Lease payments during the year totaled \$455,000.

E. Pension Plans

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

a. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

b. County Police Retirement Plan

Plan Description

The primary government contributes to the County Police Retirement Plan, which is a single-employer defined benefit pension plan. With the approval of the primary government'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.

TIPPECANOE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Cost

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

c. County Police Benefit Plan

Plan Description

The primary government contributes to the County Police Benefit Plan which is a single-employer defined benefit pension plan. With the approval of the primary government'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 primary government's annual pension cost and related information, as provided by the actuary, is presented in this note.

Actuarial Information for the Above Plans

	<u>PERF</u>	<u>County Police Retirement Plan</u>	<u>County Police Benefit Plan</u>
Annual required contribution	\$ 823,931	\$ 517,459	\$ 19,437
Interest on net pension obligation	(35,817)	(1,998)	-
Adjustment to annual required contribution	<u>40,816</u>	<u>3,665</u>	<u>-</u>
Annual pension cost	828,930	519,126	19,437
Contributions made	<u>917,400</u>	<u>531,825</u>	<u>19,437</u>
Decrease in net pension obligation	(88,470)	(12,699)	-
Net pension obligation, beginning of year	<u>(494,030)</u>	<u>(28,547)</u>	<u>-</u>
Net pension obligation, end of year	<u>\$ (582,500)</u>	<u>\$ (41,246)</u>	<u>\$ -</u>

TIPPECANOE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

	PERF	County Police Retirement Plan	County Police Benefit Plan
Contribution rates:			
County	4.75%	24%	100%
Plan members	3%	6%	6%
Actuarial valuation date	07-01-04	01-01-06	01-01-06
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	40 years	40 years	40 years
Amortization period (from date)	07-01-97	12-31-97	12-31-97
Asset valuation method	4 year smoothed market	4 year smoothed market	4 year smoothed market

Actuarial Assumptions

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

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-02	\$ 655,406	120%	\$ (608,155)
	06-30-03	947,545	88%	(494,030)
	06-30-04	828,930	111%	(582,500)
County Police Retirement Plan	12-31-03	399,340	0%	(62,096)
	12-31-04	478,289	0%	(28,547)
	12-31-05	519,126	0%	(41,246)
County Police Benefit Plan	12-31-03	28,052	0%	-
	12-31-04	21,605	0%	-
	12-31-05	19,437	0%	-

TIPPECANOE COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-02	\$ 13,481,381	\$ 15,905,064	\$ (2,423,683)	85%	\$ 15,407,714	(16%)
07-01-03	13,741,659	14,556,820	(815,161)	94%	16,894,698	(5%)
07-01-04	14,116,692	15,655,619	(1,538,927)	90%	18,022,259	(9%)

County Police Retirement Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-00	\$ 7,326,966	\$ 7,326,966	\$ -	100%	\$ 1,902,843	0%
01-01-01	7,471,958	8,351,000	(879,042)	89%	1,971,045	(45%)
01-01-02	7,880,104	8,620,643	(740,539)	91%	2,113,321	(35%)
01-01-03	8,169,610	8,843,613	(674,003)	92%	2,047,024	(33%)
01-01-04	8,613,088	9,286,963	(673,875)	93%	2,091,444	(32%)
01-01-05	9,254,337	10,406,227	(1,151,890)	89%	2,163,091	(53%)

County Police Benefit Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
12-31-00	\$ 502,200	\$ 502,200	\$ -	100%	\$ 1,902,843	0%
12-31-01	543,750	543,750	-	100%	1,971,045	0%
12-31-02	581,393	581,393	-	100%	2,113,321	0%
12-31-03	613,171	613,171	-	100%	2,047,024	0%
12-31-04	644,034	644,034	-	100%	2,091,444	0%
12-31-05	682,089	682,089	-	100%	2,163,091	0%

TIPPECANOE COUNTY
OTHER REPORT

The annual report presented herein was prepared in addition to another official report prepared for the individual County office listed below:

County Auditor

TIPPECANOE COUNTY
SUPPLEMENTARY INFORMATION

A. Schedule of Capital Assets

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.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), are as follows:

	Capitalization Threshold
Land	\$ 5,000
Buildings and improvements	5,000
Improvements other than buildings	5,000
Machinery and equipment	5,000
Vehicles	5,000
Bridges	5,000
Water control structures	5,000
Roads	5,000

Capital asset activity for the year ended December 31, 2005, follows:

Primary Government	Balance	Increases	Decreases	Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 3,785,991	\$ -	\$ -	\$ 3,785,991
Right-of-ways	23,237,862	1,134,914	117,649	24,255,127
Total governmental activities, capital assets not being depreciated	27,023,853	1,134,914	117,649	28,041,118
Capital assets, being depreciated:				
Infrastructure:				
Roads	141,461,912	5,132,358	747,614	145,846,656
Bridges	68,885,734	-	-	68,885,734
Drain tiles	5,784,215	-	-	5,784,215
Culverts	513,536	-	-	513,536
Buildings	49,967,530	-	-	49,967,530
Improvements other than buildings	524,746	-	-	524,746
Machinery and equipment	10,169,380	290,064	558,571	9,900,873
Vehicles	5,247,817	910,067	762,117	5,395,767
Totals	282,554,870	6,332,489	2,068,302	286,819,057

TIPPECANOE COUNTY
SUPPLEMENTARY INFORMATION
(Continued)

<u>Primary Government</u>	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
Governmental activities (continued):				
Less accumulated depreciation for:				
Infrastructure:				
Roads	34,491,072	1,806,579	-	36,297,651
Bridges	13,849,743	1,371,694	-	15,221,437
Drain tiles	1,600,191	57,842	-	1,658,033
Culverts	194,496	10,133	-	204,629
Buildings	12,694,853	1,167,199	-	13,862,052
Improvements other than buildings	350,686	6,515	-	357,201
Machinery and equipment	4,031,349	851,731	263,570	4,619,510
Vehicles	3,001,731	501,264	625,057	2,877,938
Totals	70,214,121	5,772,957	888,627	75,098,451
Total capital assets, being depreciated, net	<u>212,340,749</u>	<u>559,532</u>	<u>1,179,675</u>	<u>211,720,606</u>
Total governmental activities capital assets, net	<u>\$ 239,364,602</u>	<u>\$ 1,694,446</u>	<u>\$ 1,297,324</u>	<u>\$ 239,761,724</u>

B. Schedule of Construction Commitments

Construction work in progress is composed of the following:

<u>Project</u>	<u>Total Project Authorized</u>	<u>Expended to December 31, 2005</u>	<u>Committed</u>	<u>Required Future Funding</u>
Governmental funds:				
Bridge projects:				
County Road 350 East	\$ 59,980	\$ 45,049	\$ 14,931	\$ -
County Road 150 East	205,027	156,736	48,291	-
County Road 925 West	49,730	38,954	10,776	-
South River Road	1,572,499	1,504,795	67,704	-
County Road 500 North	6,437	6,437	-	-
Concord Road	731,469	450,000	281,469	-
Brady Lane	782,711	450,000	332,711	-
Twyckenham	8,600,000	5,894,934	2,705,066	-
Lily Road	1,022,225	60,360	961,865	-
Culvert projects:				
County Road North	1,448,051	1,330,266	117,785	-
South River Road	469,622	447,937	21,685	-

TIPPECANOE COUNTY
SUPPLEMENTARY INFORMATION
(Continued)

<u>Project</u>	<u>Total Project Authorized</u>	<u>Expended to December 31, 2005</u>	<u>Committed</u>	<u>Required Future Funding</u>
Governmental funds (continued):				
Road projects:				
County Road 550 West	2,760,300	2,694,117	66,183	-
McCarty Lane	654,900	433,910	220,990	-
County Road 200 South	1,595,678	1,591,984	3,694	-
County Road 50 West	2,543,915	2,543,915	-	-
Cumberland	<u>114,545</u>	<u>-</u>	<u>114,545</u>	<u>-</u>
Totals	<u>\$ 22,617,089</u>	<u>\$ 17,649,394</u>	<u>\$ 4,967,695</u>	<u>\$ -</u>

C. Schedule of Leases

1. Operating Leases

The County has entered into various operating leases having initial or remaining noncancelable terms exceeding one year for office space rental and equipment. Rental expenditures for these leases were \$57,352 and \$3,599, respectively. The following is a schedule by years of future minimum rental payments as of December 31, 2005:

2006	\$ 37,344
2007	<u>3,600</u>
Total	<u>\$ 40,944</u>

2. Capital Leases

The County has entered into various capital leases for a jail addition and equipment. Future minimum lease payments and present values of the net minimum lease payments under these capital leases as of December 31, 2005, for the years ended December 31, are as follows:

2006	\$ 1,149,605
2007	1,406,995
2008	1,521,934
2009	1,686,810
2010	1,384,110
2011-2015	6,151,721
2016-2020	5,740,500
2021-2025	<u>2,939,500</u>
Total minimum lease payments	21,981,175
Less amount representing interest	<u>6,843,795</u>
Present value of net minimum lease payments	<u>\$ 15,137,380</u>

TIPPECANOE COUNTY
SUPPLEMENTARY INFORMATION
(Continued)

The assets acquired through capital leases still in effect are as follows:

	Governmental Activities
Buildings	\$ 14,000,000
Machinery and equipment	5,341,446
Total	19,341,446
Accumulated depreciation	2,225,097
Total	\$ 17,116,349

D. Schedule of Long-Term Liabilities

1. Revenue Bonds

The County issues bonds to be paid by income derived from the acquired or constructed assets. Revenue bonds outstanding at year end are as follows:

Purpose	Interest Rates	Balance at December 31
Courthouse renovation	4.95% to 5.65%	\$ 3,405,000
Parking garage	4.45% to 5.375%	5,220,000
Total		\$ 8,625,000

Revenue bonds at year end:

Revenue bonds debt service requirements to maturity are as follows:

Year Ended December 31	Governmental Activities	
	Principal	Interest
2006	\$ 560,000	\$ 441,580
2007	940,000	402,963
2008	995,000	352,379
2009	1,055,000	298,060
2010	1,120,000	239,548
2011-2015	1,675,000	850,447
2016-2020	2,280,000	351,694
Totals	\$ 8,625,000	\$ 2,936,671

TIPPECANOE COUNTY
 SUPPLEMENTARY INFORMATION
 (Continued)

2. Changes in Long-Term Debt

Long-term debt activity for the year ended December 31, 2005, was as follows:

<u>Primary Government</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
Revenue	\$ 9,485,000	\$ -	\$ 860,000	\$ 8,625,000	\$ 560,000
Capital leases	<u>15,742,828</u>	<u>490,236</u>	<u>1,095,684</u>	<u>15,137,380</u>	<u>940,773</u>
Total governmental activities long-term liabilities	<u>\$ 25,227,828</u>	<u>\$ 490,236</u>	<u>\$ 1,955,684</u>	<u>\$ 23,762,380</u>	<u>\$ 1,500,773</u>

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

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 TIPPECANOE COUNTY, INDIANA

Compliance

We have audited the compliance of the Tippecanoe 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.

As described in items 2005-2, 2005-3, 2005-4, 2005-5, and 2005-6 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding activities allowed or unallowed, allowable costs and cost principles, cash management, period of availability, and reporting that are applicable to its Homeland Security Grant Program. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its other 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

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)

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.

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

April 26, 2006

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

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. Department of Agriculture</u>			
Pass-Through Indiana Department of Health Special Supplemental Nutrition Program for Women, Infants and Children WIC Program	10.557	FY 2005	\$ <u>717,280</u>
<u>U.S. Department of Housing and Urban Development</u>			
Direct Grant Community Development Block Grants/State's Program	14.228		
New Directions		CF-03-225	327,558
Romney Rehabilitation		PL-04-031	13,500
Stockwell Rehabilitation		HD-004-015	<u>128,851</u>
Total for federal grantor agency			<u>469,909</u>
<u>U.S. Department of Justice</u>			
Pass-Through Indiana Criminal Justice Institute Juvenile Accountability Incentive Block Grants Court Improvement Project	16.523	CIP FY 03-04 02-JB-063 03-JB-058	21,667 2,804 <u>37,795</u>
Total for program			<u>62,266</u>
Juvenile Justice and Delinquency Prevention-Allocation to States Title II	16.540	03-JF-032 04-JF-002 04-JF-023	3,017 31,943 <u>26,858</u>
Total for program			<u>61,818</u>
Title V-Delinquency Prevention Program Truancy Mediation	16.548	02-JP-006	<u>6,294</u>
Crime Victim Assistance	16.575	04-VA-013 04-VA-146 04-VA-147 05-VA-124 05-VA-125 05-VA-161	18,818 7,008 49,767 14,133 19,082 <u>4,122</u>
Total for program			<u>112,930</u>
Byrne Formula Grant Program	16.579	03-DB-044 04-DB-038 04-DB-039	19,144 21,400 <u>38,127</u>
Total for program			<u>78,671</u>
Bulletproof Vest Partnership Program	16.607	2004BOBX04023069	<u>2,790</u>
Total for federal grantor agency			<u>324,769</u>
<u>U.S. Department of Transportation</u>			
Pass-Through Federal Highway Administration Highway Planning and Construction Highway Planning and Construction Cluster Highway Planning and Construction Hazard Elimination Safety Grant Speed Limit Project	20.205	HES-9979 DFTH61-03-H-00131	3,194 <u>39,294</u>

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

TIPPECANOE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2005
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. Department of Transportation (continued)</u>			
Pass-Through Indiana Department of Transportation Federal Topics/Bridge Inspections Phase I & II		BR-NBIS(492)	14,142
Total for cluster			56,630
Pass-Through Indiana Criminal Justice Institute Highway Safety Cluster Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants Operation Pullover	20.601	154AL-04-03-03-79 154AL-05-03-03-79 OP-06-02-05-20	2,421 5,713 2,453
2005 Operation Pullover Banquet Award		J8-05-03-03-02	2,000
Total for cluster			12,587
Total for federal grantor agency			69,217
<u>U.S. Environmental Protection Agency</u>			
Pass-Through Indiana Department of Environmental Management Water Quality Management Planning	66.454	C6975003-03	72,998
<u>U.S. Department of Health and Human Services</u>			
Direct Grant Drug Free Communities Support Program Grants	93.276	FY 2004 FY 2005	4,589 77,096
Total for program			81,685
Pass-Through Indiana Department of Health Project Grants and Cooperative Agreements for Tuberculosis Control	93.116	TB-178-4	11,606
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	BPRS-178-7 BPRS 04-A-2-79	71,058 6,200
Total for program			77,258
Pass-Through Indiana Department of Family and Social Services Administration Child Support Enforcement General Fund Prosecutor Clerk	93.563		523,179 29,371 16,501
Total for program			569,051
Total for federal grantor agency			739,600
<u>U.S. Department of Homeland Security</u>			
Pass-Through State Homeland Security Agency State Domestic Preparedness Equipment Support Program Regional Hazardous Materials Response Team Equipment Sub-grant	97.004	FY 2001 FY 2002 FY 2003 (Part I)	67,502 10,370 49,314
Local Bomb Squad Equipment Sub-grant		FY 2002	1,597
First Responder Equipment Sub-grant		FY 2003 (Part I)	18,034

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

TIPPECANOE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2005
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. Department of Homeland Security (continued)</u>			
Pass-Through State Homeland Security Agency (continued)			
State Domestic Preparedness Equipment Support Program (continued)			
First Responder Communications Equipment Sub-grant		FY 2003 (Part II)	218,000
Project Hoosier Safety		FY 2004	38,845
Law Enforcement Terrorism Prevention Sub-grant		FY 2004	133,847
State Homeland Security Program Sub-grant		FY 2004	<u>759,821</u>
Total for program			<u>1,297,330</u>
Disaster Grants- Public Assistance	97.036	Disaster #1476	9,836
		Disaster #1520	37,874
		Disaster #1523	<u>90,818</u>
Total for program			<u>138,528</u>
Citizen Corps	97.053		
Citizen Corps Council			6,000
CERT Sub-grant		FY 2002	2,115
		FY 2003	<u>1,865</u>
Total for program			<u>9,980</u>
Total for federal grantor agency			<u>1,445,838</u>
Total federal awards expended			<u>\$ 4,189,376</u>

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

TIPPECANOE COUNTY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

Note 2. Subrecipients

Of the federal expenditures presented in the schedule, the County provided federal awards to Subrecipients as follows for the year ended December 31, 2005:

Program Title	Federal CFDA Number	2005
Juvenile Accountability Incentive Block Grant	16.523	\$ 21,667
Title V-Delinquency Prevention Program	16.548	6,294
Crime Victim Assistance	16.575	18,818

TIPPECANOE 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?	yes

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:

Special Supplemental Nutrition Program for Women, Infants and Children	Unqualified
Community Development Block Grants/State's Program	Unqualified
State Domestic Preparedness Equipment Support Program	Qualified

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
10.557	Special Supplemental Nutrition Program for Women, Infants and Children
14.228	Community Development Block Grant/State's Program
97.004	State Domestic Preparedness Equipment Support 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

2005-1 Payroll Internal Control

The State Board of Accounts is charged by law, Indiana Code 5-11-1-2, with the responsibility of prescribing and installing a system of accounting and reporting which shall be uniform for every public office and every public account of the same class. Officials and employees are required by Chapter 14 of the Accounting and Uniform Compliance Guidelines Manual for County Auditors to use State Board of Accounts prescribed or approved forms in the manner prescribed.

TIPPECANOE COUNTY
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 (Continued)

Payroll time sheets were not signed by department heads for 43% of the employees tested.

The circumventing of the internal control system could result in the misrepresentation of time worked and could result in the overpayment of payroll.

It is recommended that the departments comply with the established internal control system of reviewing and signing payroll time records and that those records be submitted timely to the County Auditor.

Section III – Federal Award Findings and Questioned Costs

2005-2 Activities Allowed or Unallowed

Federal Agency: U.S. Department of Homeland Security
 Federal Program: State Homeland Security Grant Program
 CFDA Number: 97.004
 Pass-through Entity: State of Indiana Emergency Management

The specific requirements for activities allowed or unallowed are unique to each Federal program and are found in the laws, regulations, and the provisions of contract or grant agreements pertaining to the program. This type of compliance requirement specifies the activities that can or cannot be funded under a specific program.

The Fiscal Year 2003 (Part 2) First Responder Communications Equipment Subgrant agreement states that subgrant funds shall only be used to purchase the equipment specifically listed, in the quantity specified, on the County's approved Equipment Budget Detail Worksheet. If the County wants to purchase equipment listed on the federally approved equipment list that is not on the County's approved Budget Detail Worksheet, or wants to purchase a greater or lesser quantity of a type of equipment that is included on the County's approved Budget Detail Worksheet, the County must submit a revised Budget Detail Worksheet to the State prior to making such a purchase.

According to the Fiscal Year 2004 Homeland Security Subgrant agreement, award funds shall only be used for the expenditures specifically listed on the 2004 Homeland Security Grant Program Worksheets. The County may request, in writing, approval from the State to modify the expenditures listed on these worksheets. The County must obtain this written approval from the State prior to making an expenditure that is not in compliance with the worksheets

The following equipment was purchased but was not specifically listed on the approved worksheets:

Description	Amounts
FY 2003 First Responder Communications Equipment Subgrant	
Fuel tank and pump	\$ 980.09
Generator, light kit	1,026.25
Trailer	12,520.00
Carbon bottles	9,094.10
Trailer	12,395.00
FY 2004 Homeland Security Subgrant	
2006 Truck, Chevrolet	37,283.44
Office Furniture	4,510.00

TIPPECANOE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The payment of the above listed equipment not included on the Budget Detail Worksheets results in questioned costs for a total of \$77,808.88.

Of 87 invoices paid from four different Homeland Security Subgrant awards, only seven were for items that were not listed on the approved Budget Detail Worksheets.

The failure of the County to follow subgrant agreements could jeopardize future grant funding.

We recommended that when the grant agreement specifies that only the equipment specifically listed in the grant agreement can be purchased, that revisions are approved in writing prior to deviations from the original approved expenditures.

2005-3 Allowable Costs/Cost Principles

Federal Agency: U.S. Department of Homeland Security
Federal Program: State Homeland Security Grant Program
CFDA Number: 97.004
Pass-through Entity: State of Indiana Emergency Management

The OMB Circular A-87, Cost Principals for State, local and Indian Tribal governments, describes selected cost items, allowable and unallowable costs, and standard methodologies for calculating indirect costs rates. Federal awards include Federal programs and cost-type contracts and may be in the form of grants, contracts, and other agreements.

The general criteria affecting allow ability of costs under Federal awards includes:

Conformity to Laws, Regulations and Sponsored Agreements – Costs must conform to any limitations or exclusions set forth in the circulars, Federal laws, State or local laws, sponsored agreements, or other governing regulations as to types or amounts of cost items.

The County had correspondence from Frank Disimino, Program Manager, Office of Domestic Preparedness, informing that "stacking", the payment of one invoice from two awards, is not allowed.

An invoice dated June 15, 2005, from Indiana Datapipe, LLC for 32 single-mode fiber strands from 6th Street to the Depot was paid September 6, 2005, from Fund 430 FY 2003 (Part 1) First Responders Equipment Subgrant, \$17,391, and Fund 431 FY 2003 (Part 2) First Responders Communications Equipment Subgrant, \$4,209.

Also an invoice dated September 30, 2005, from Wyatt Communications for a Fiber Optic System was paid October 17, 2005, from Fund 431 FY 2003 (Part 2) First Responders Communications Equipment Subgrant, \$9,791.66, and Fund 434 FY 2004 State Homeland Security Program Subgrant, \$2,714.40.

The payment of the \$4,209 from Fund 431 FY 2003 First Responders Communications Equipment Subgrant for the fiber strands and the \$2,714.40 from Fund 434 FY 2004 State Homeland Security Program Subgrant for the fiber optic system results in questioned costs for a total of \$6,923.40.

Of 87 invoices paid from 4 different subgrant awards in 2005, only 2 were in violation of the "stacking" requirement and were paid from 2 different awards.

TIPPECANOE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The failure of the County to follow subgrant agreements and the directives of the Department of Homeland Security could jeopardize future grant funding.

We recommended that items be ordered and invoiced in a manner that will allow for payment from only one grant award.

2005-4 Cash Management

Federal Agency: U.S. Department of Homeland Security
Federal Program: State Homeland Security Grants
CFDA Number: 97.004
Pass-through Entity: State of Indiana Emergency Management

Cash management procedures require that grant expenditures be made in a timely manner. When funds are advanced, recipients must follow procedures to minimize the time elapsing between the transfer of funds from the U.S. Treasury and disbursement.

The FY 2001 Regional Hazardous Materials Response Team Equipment Subgrant award was received May 27, 2004, and was not totally expended until July 5, 2005, although per the grant agreement it was to be expended by May 7, 2005.

The FY 2003 (Part 1) First Responder Equipment Subgrant was received January 6, 2004, and was not totally expended until September 6, 2005, although per the grant agreement it was to be expended by September 15, 2004.

The FY 2003 (Part 2) First Responder Communications Equipment Subgrant January 6, 2004, and was not totally expended until September 6, 2005, although per the grant agreement it was to be expended by October 10, 2004.

The failure to expend the funding timely and/or document approved extensions for the expenditures applied to three out of four awards that were expended in 2005.

Funding is to be for immediate needs and expenditures must be made in a timely manner to meet cash management compliance requirements.

We recommended that the subgrant agreement cash management requirements be noted and complied with.

2005-5 Period of Availability

Federal Agency: U.S. Department of Homeland Security
Federal Program: State Homeland Security Grant Program
CFDA Number: 97.004
Pass-through Entity: State of Indiana Emergency Management

Federal awards may specify a time period during which the non-federal entity may use the federal funds. Where a funding period is specified, a non-federal entity may charge to the award only costs resulting from obligations incurred during the funding period and any pre-award costs authorized by the Federal awarding agency. Also, if authorized by the federal program, unobligated balances may be carried over and

TIPPECANOE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

charged for obligations of the subsequent funding period. Obligations means the amounts of orders placed, contracts and subgrants awarded, goods and services received, and similar transactions during a given period that will require payment by the non-federal entity during the same or a future period (A-102).

Besides the specified time period for availability of funds each subgrant agreement specified a deadline date by which the purchases were to be completed. If the purchases could not be completed by the deadline the County was to request and receive an extension from the State Agency.

The County did not provide for audit specific requests for extensions of deadlines of three of the awards expended in 2005.

Due to no extension, \$18,447.33 FY2001 Regional IV Hazardous Materials Response Team Equipment subgrant funding, \$17,391 FY2003 First Responder Communications Equipment subgrant funding, and \$349,765.10 FY 2003 First Responders Equipment subgrant funding was expended after the documented deadlines. The total of these three awards expenditures beyond the deadlines results in \$385,603.43 in questioned costs.

Of the four awards with expenditures in 2005, three were expended beyond the documented approved deadline.

The failure to expend award monies before deadlines or to file extensions could result in the County having to repay grant monies or could jeopardize future grant funding.

We recommended that the County note deadlines and complete expenditures by the deadlines, or file the appropriate extensions and provide for audit specific documentation of such approved extensions.

2005-6 Reporting

Federal Agency: U.S. Department of Homeland Security
Federal Program: State Homeland Security Grant Program
CFDA Number: 97.004
Pass-through Entity: State of Indiana Emergency Management

All of the awards under the CFDA 97.004 required quarterly Financial Status Reports (Standard Form 269A) and Exercise Evaluations and Improvement Reports (if applicable). The Fiscal Year 2004 awards required an Initial Strategy Implementation Spending Plan within 60 days after the award date and a final Biannual Strategy Implementation Report within 120 days after the end of the award period.

State reporting requirements were as follows: Audit reports/management letters are to be completed and forwarded to the State within 6 months after the close of the County's fiscal year for all of the above awards. For Fiscal Year 2003 (Part 2) awards, a Receipt of Equipment Purchases Form should be submitted within 15 days of receiving equipment. For Fiscal Year 2004 awards, a Semiannual Report should be submitted to the State, due on the following schedule: January 1 thru June 30 is due July 15; July 1 thru December 31 is due December 15.

The grant files presented for audit contained no evidence that the County's audit report/management letters had been submitted to the State. There was no evidence of Receipt of Equipment Purchases Forms being submitted in 2005. Also, while quarterly financial status reports were filed, the Semiannual Report specifically required by the State was not presented for audit.

TIPPECANOE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Only the required quarterly Financial Status Reports appear to have been filed. All other reporting requirements appear not to have been met.

Per the Program Guidelines and Application Kit Manual, the Office for Domestic Preparedness may suspend or terminate funding, in whole or in part, or other measures may be imposed for failing to submit required reports.

We recommended that all required reports be submitted in a timely fashion.

Ruth E. Shedd
KD Benson
John Knochel

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20 North 3rd Street
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TIPPECANOE COUNTY BOARD OF COMMISSIONERS

(11/04) Form 14A

SUMMARY SCHEDULE OF AUDIT FINDINGS

APRIL 26, 2006

Finding Number 2004-1

Original SBA Audit Report Number: B25607

Fiscal Year: 2004

Auditee Contact Person: Christine Chapman

Title of Contact Person: Grant Coordinator

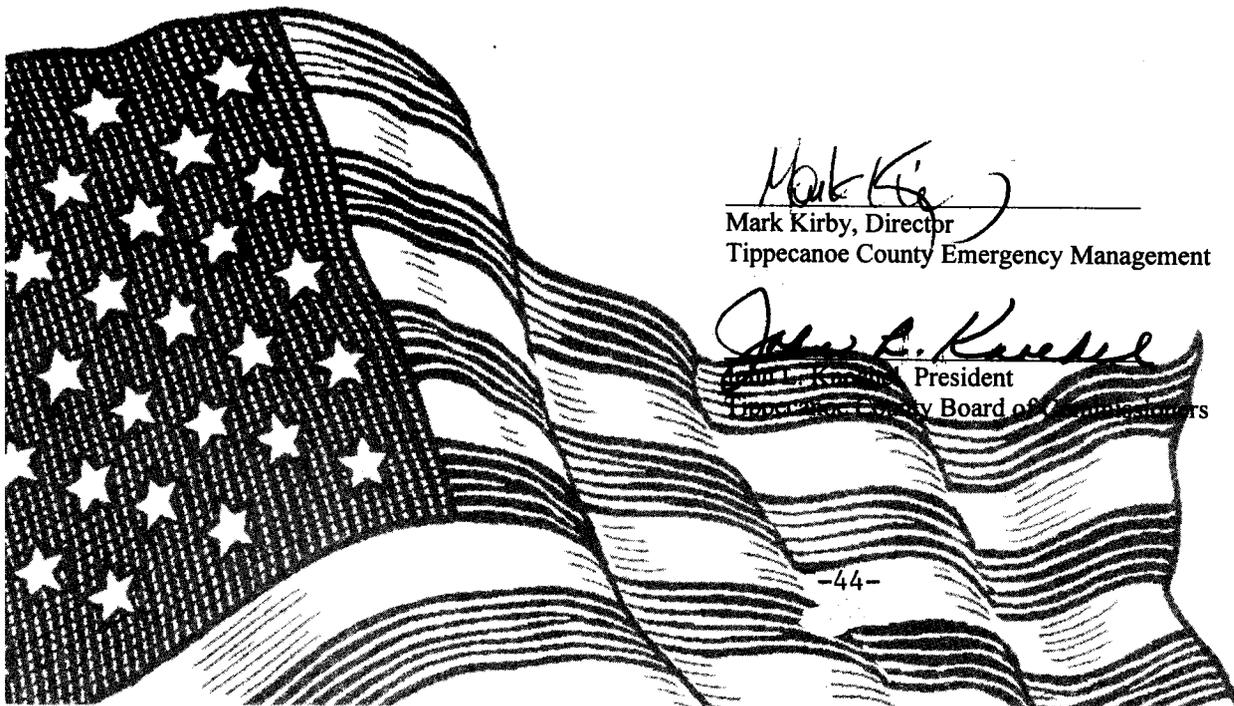
Phone Number: 423-9215

Status of Finding:

The County is not intentionally "stacking" since many of the items being purchased are approved expenditures from more than one grant. The County believes it is practicing an effective, efficient purchasing procedure. Revisions to the grant agreement have been approved via email and telephone correspondence. Corrective action: Documentation of grant revisions will be maintained in the grant files. The County will request separate invoices for quantity purchases.


Mark Kirby, Director
Tippecanoe County Emergency Management


John E. Knochel, President
Tippecanoe County Board of Commissioners



Ruth E. Shedd
KD Benson
John Knochel



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(11/04) Form 14A

SUMMARY SCHEDULE OF AUDIT FINDINGS

Finding Number 2004-2

Original SBA Audit Report Number: B25607

Fiscal Year: 2004

Auditee Contact Person: Christine Chapman

Title of Contact Person: Grant Coordinator

Phone Number: 423-9215

Status of Finding:

The County spent funds as quickly as possible in 2005 and returned to the State those dollars that were not encumbered by either a purchase order or an invoice. Corrective action: As of late 2005 all unspent funds were returned to the State. The County is currently drawing down from those funds. The fiscal year 2005 grant will not become available to Tippecanoe County until fiscal year 2004 awards are spent and/or closed out. Potential future grant awards will be on a reimbursement basis according to new Homeland Security guidelines.




Mark Kirby, Director
Tippecanoe County Emergency Management


John E. Knochel, President
Tippecanoe County Board of Commissioners

Ruth E. Shedd
KD Benson
John Knochel



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(11/04) Form 14A

SUMMARY SCHEDULE OF AUDIT FINDINGS

Finding Number 2004-3

Original SBA Audit Report Number: B25607

Fiscal Year: 2004

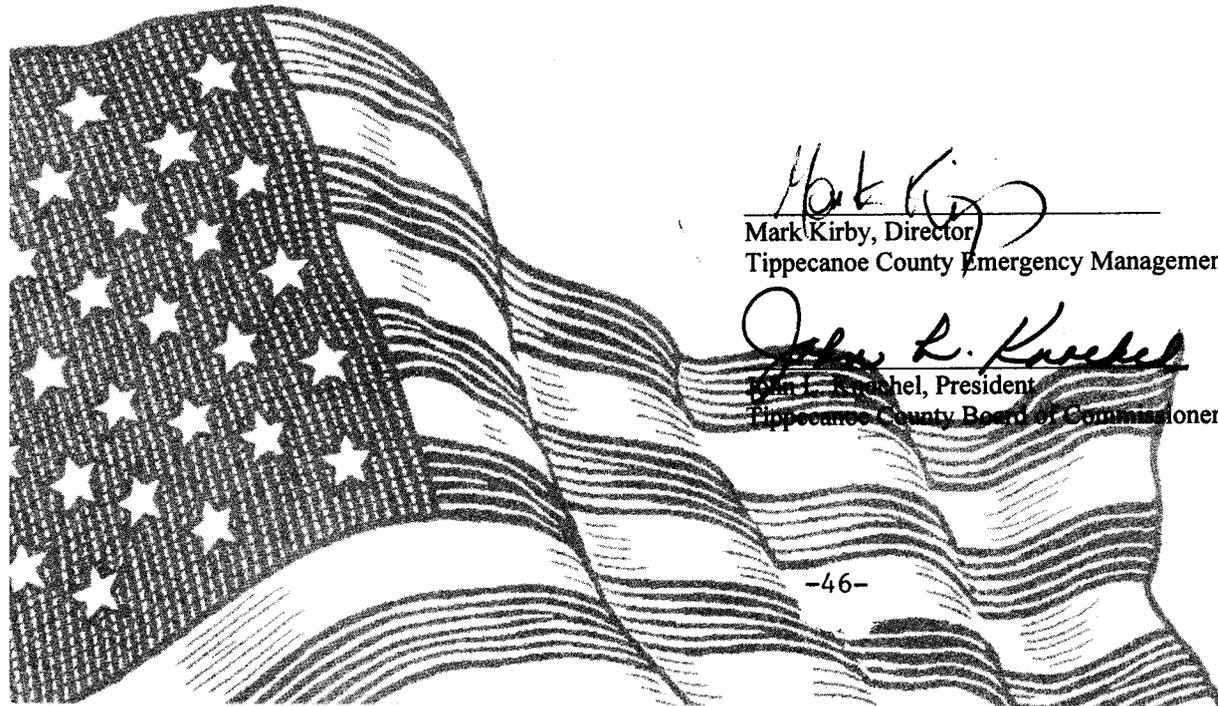
Auditee Contact Person: Christine Chapman

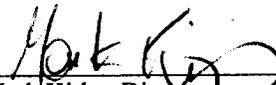
Title of Contact Person: Grant Coordinator

Phone Number: 423-9215

Status of Finding:

The County requested extensions for 2004 awards in general. No specific form or letter was approved by the State; only correspondence was general in nature and referenced an "informal" extension with no specific deadline. Because of the turnover of Directors locally, the State was willing to work with us to spend funds as quickly as possible. Corrective action: The County will request a written response from the State as to the specific extension deadline and that written response to be maintained in the grant files.




Mark Kirby, Director
Tippecanoe County Emergency Management


John R. Knochel, President
Tippecanoe County Board of Commissioners

Ruth E. Shedd
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TIPPECANOE COUNTY BOARD OF COMMISSIONERS

(11/04) Form 14A

SUMMARY SCHEDULE OF AUDIT FINDINGS

Finding Number 2004-4

Original SBA Audit Report Number: B25607

Fiscal Year: 2004

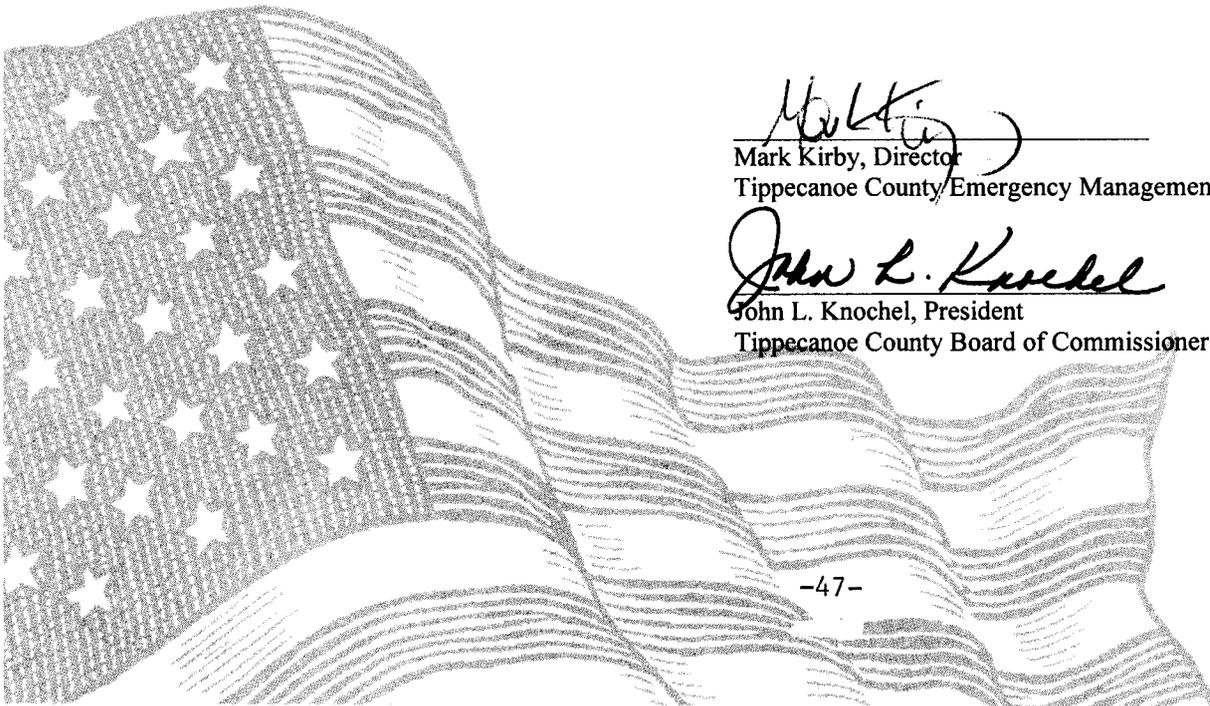
Auditee Contact Person: Christine Chapman

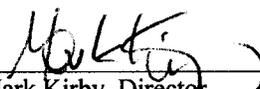
Title of Contact Person: Grant Coordinator

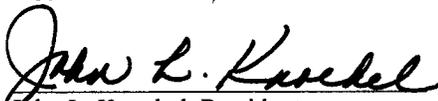
Phone Number: 423-9215

Status of Finding:

As of late 2005, the County spent considerable time taking inventory of equipment, documenting expenditures, and completing reports per State guidelines. Corrective action: In 2006, the County will focus on additional Federal/State reporting requirements and establishing a timeline for completion/submission.




Mark Kirby, Director
Tippecanoe County Emergency Management


John L. Knochel, President
Tippecanoe County Board of Commissioners

Ruth E. Shedd
KD Benson
John Knochel



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(11/04) Form 14A

SUMMARY SCHEDULE OF AUDIT FINDINGS

Finding Number 2004-5

Original SBA Audit Report Number: B25607

Fiscal Year: 2004

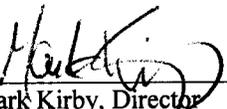
Auditee Contact Person: Christine Chapman

Title of Contact Person: Grant Coordinator

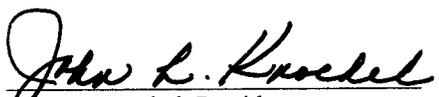
Phone Number: 423-9215

Status of Finding:

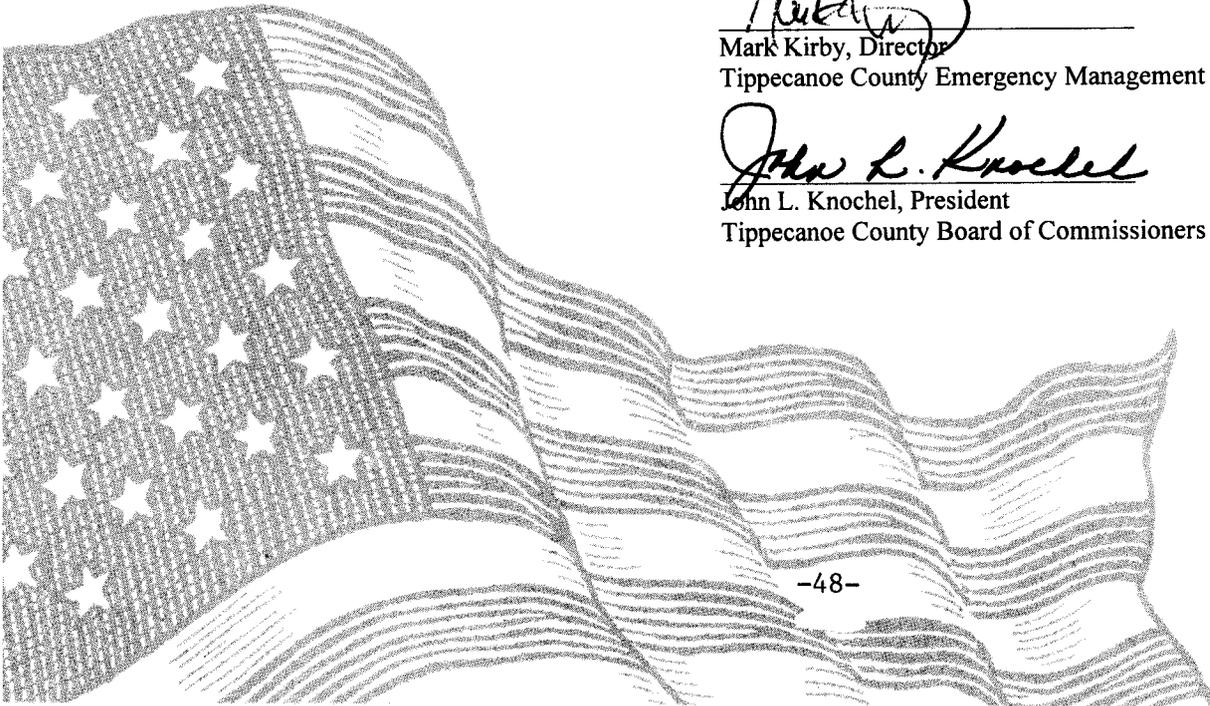
Corrective action taken.



Mark Kirby, Director
Tippecanoe County Emergency Management



John L. Knochel, President
Tippecanoe County Board of Commissioners



Ruth E. Shedd
KD Benson
John Knochel



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(11/04) Form 14A

SUMMARY SCHEDULE OF AUDIT FINDINGS

Finding Number 2004-6

Original SBA Audit Report Number: B25607

Fiscal Year: 2004

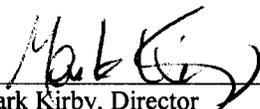
Auditee Contact Person: Christine Chapman

Title of Contact Person: Grant Coordinator

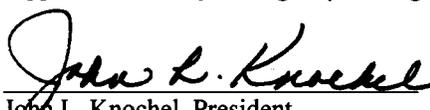
Phone Number: 423-9215

Status of Finding:

Corrective action taken.



Mark Kirby, Director
Tippecanoe County Emergency Management



John L. Knochel, President
Tippecanoe County Board of Commissioners





TIPPECANOE COUNTY
AUDITOR

Robert A. Plantenga
20 North 3rd Street
Lafayette, Indiana 47901-1214
Tippecanoe County
Corrective Action Plan
APRIL 26, 2006

Finding No. 2005-1 Payroll Internal Control

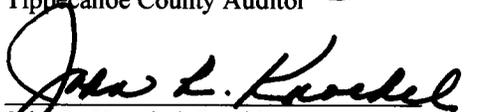
Auditee Contact Person: Bob Plantenga
Title of Contact Person: County Auditor
Phone Number: 765-423-9207
Expected Completion Date: July 2007

Corrective Action Planned:

The County Auditor shall require submission of payroll time sheets by each county department. Time sheets shall be completed by each county employee and reviewed and signed by the employee's supervisor and/or department head. Time sheets shall be required to be submitted to the County Auditor in a timely manner.



Robert A. Plantenga
Tippecanoe County Auditor



John L. Knochel, President
Tippecanoe County Board of Commissioners

Ruth E. Shedd
KD Benson
John Knochel



TIPPECANOE COUNTY BOARD OF COMMISSIONERS

County Office Building
20 North 3rd Street
Lafayette, Indiana
47901-1214

phone 765.423.9215
fax 765.423.9196

Tippecanoe County
Corrective Action Plan
APRIL 26, 2006

Finding No. 2005-2 Activities Allowed or Unallowed

Federal Agency: Department of Homeland Security
Federal Program: State Homeland Security Grant Program
CFDA Number: 97.004
Federal Award Number: FY 2003 (Part 2), FY 2004
Auditee Contact Person: Christine Chapman
Title of Contact Person: Grant Coordinator
Phone Number: 765-423-9215
Expected Completion Date: January 2007

Corrective Action Planned:

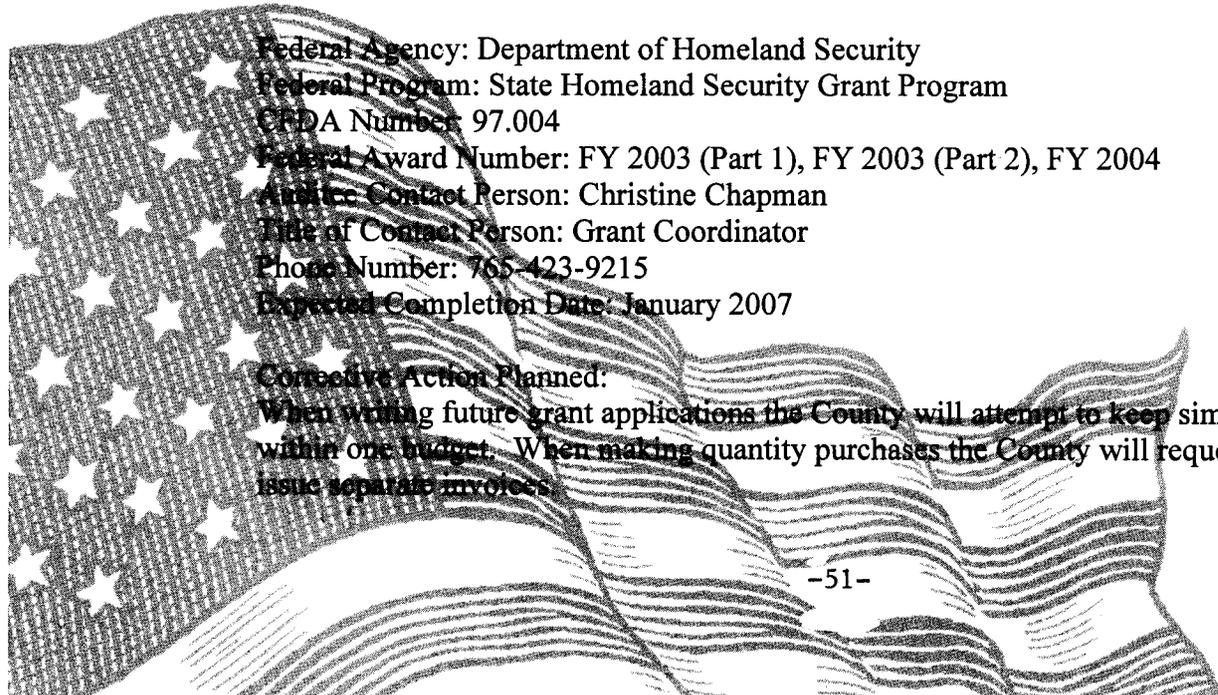
The County corresponded with the State via e-mail and telephone as to approvals for expenditures not otherwise approved in the grant budgets. In some cases, these correspondence were not available for the audit. Those that were documented did not include specific grant award numbers; ie, were too general. The County will request written approvals that specify the appropriate grant award and maintain the documentation in the grant files.

Finding No. 2005-3 Allowable Costs/Cost Principles

Federal Agency: Department of Homeland Security
Federal Program: State Homeland Security Grant Program
CFDA Number: 97.004
Federal Award Number: FY 2003 (Part 1), FY 2003 (Part 2), FY 2004
Auditee Contact Person: Christine Chapman
Title of Contact Person: Grant Coordinator
Phone Number: 765-423-9215
Expected Completion Date: January 2007

Corrective Action Planned:

When writing future grant applications the County will attempt to keep similar items within one budget. When making quantity purchases the County will request the vendor issue separate invoices.



Finding No. 2005-4 Cash Management

Federal Agency: Department of Homeland Security
Federal Program: State Homeland Security Grant Program
CFDA Number: 97.004
Federal Award Number: FY 2001, FY 2003 (Part 1), FY 2003 (Part 2)
Auditee Contact Person: Christine Chapman
Title of Contact Person: Grant Coordinator
Phone Number: 765-423-9215
Expected Completion Date: January 2007

Corrective Action Planned:

The County spent funds as quickly as possible in 2005 and returned to the State those dollars that were not encumbered by either a purchase order or an invoice. As of late 2005 all unspent funds were returned to the State. Grant awards beyond fiscal year 2004 will be paid on a reimbursement basis and the County will submit claim forms as soon as feasibly possible.

Finding No. 2005-5 Period of Availability

Federal Agency: Department of Homeland Security
Federal Program: State Homeland Security Grant Program
CFDA Number: 97.004
Federal Award Number: FY 2001, FY 2003
Auditee Contact Person: Christine Chapman
Title of Contact Person: Grant Coordinator
Phone Number: 765-423-9215
Expected Completion Date: January 2007

Corrective Action Planned:

The County requested extensions for 2004 awards in general. No specific form or letter was approved by the State—the only correspondence was general in nature and referenced an informal extension with no specific deadline. On April 3, 2006 the Grant Coordinator requested a written response from the State as to a specific deadline for the fiscal year 2004 grant extension. Upon receipt of the written notification, it will be filed in the grant files.

Finding No. 2005-6 Reporting

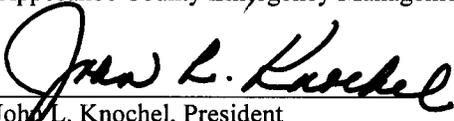
Federal Agency: Department of Homeland Security
Federal Program: State Homeland Security Grant Program
CFDA Number: 97.004
Federal Award Number: FY 2003 (Part 2), FY 2004
Auditee Contact Person: Christine Chapman
Title of Contact Person: Grant Coordinator
Phone Number: 765-423-9215
Expected Completion Date: January 2007

Corrective Action Planned:

As of late 2005, the County spent considerable time taking inventory of equipment, documenting expenditures, and completing reports per State guidelines. The County will continue to work with the State to provide reports and/or data relevant to the grant requirements.



Mark Kirby, Director
Tippecanoe County Emergency Management



John L. Knochel, President
Tippecanoe County Board of Commissioners

TIPPECANOE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on April 26, 2006, with Robert A. Plantenga, Auditor; and John L. Knochel, President of the Board of County Commissioners.