

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

EXAMINATION REPORT

OF

STARKE COUNTY

STARKE COUNTY, INDIANA

January 1, 2006 to December 31, 2006



FILED
08/23/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Michaelene J. Houston	01-01-03 to 12-31-10
Treasurer	Marilyn Folkers	01-01-05 to 12-31-08
Clerk	Rhonda R. Milner Evelyn Skronski	01-01-03 to 12-31-06 01-01-07 to 12-31-10
Sheriff	Robert Sims	01-01-03 to 12-31-07
Recorder	Jackie Bridegroom	01-01-04 to 12-31-07
President of the Board of County Commissioners	Kevin Kroft	01-01-06 to 12-31-07
President of the County Council	Bruce Fingerhut	01-01-06 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF STARKE COUNTY, STARKE COUNTY, INDIANA

We have examined the financial information presented herein of Starke County (County), for the period of January 1, 2006 to December 31, 2006. The County's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the County for the year ended December 31, 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets, as listed in the Table of Contents, is presented for additional analysis and is not a required part of the basic financial information. It has not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

July 2, 2007

STARKE COUNTY
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2006

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 741,042	\$ 5,261,070	\$ 5,217,359	\$ 784,753
Child Advocacy	297	-	-	297
EMS Donation for Educational Materials	791	100	394	497
Title 3 Fund	3,292	-	-	3,292
Community Transition Program	11,685	-	-	11,685
Emergency Management Grant	14,239	42,905	50,885	6,259
Sale of Plat Books	215	678	621	272
Mortgage Fee	-	8,670	8,670	-
County Share Disclosure Fee	4,170	4,410	-	8,580
Special Death Benefits	27	3,825	3,852	-
Juvenile Tracking Grant	4,112	-	4,089	23
Starke County Drug Enforcement	10,000	-	-	10,000
Redact - Recorder	-	9,714	-	9,714
Auditor's Transfer Fee	-	6,090	-	6,090
COPS Grant	-	3,277	-	3,277
Welfare Hospital Care for the Indigent	-	325,515	325,515	-
Alternative Dispute Resolution	6,100	1,880	-	7,980
County Economic Development Income Tax	558,477	1,131,318	926,184	763,611
Hamlet Fire Wall	7,486	-	4,613	2,873
Surveyor Corner Perpetual	6,149	7,552	-	13,701
Tactical Narcotics Team Rico	578	1,100	790	888
Children With Special Health Care Needs	-	48,781	48,781	-
Drunk Driving Task Force	39	-	39	-
Coroners Continuing Education	10	1,901	1,817	94
State Dare Grant	11	-	11	-
Criminal Justice Drug Enforcement	170	-	170	-
Jury Pay	1,108	3,363	2,858	1,613
WIC Donations	469	557	1,012	14
Starke County Dare Donations	8,190	5,184	4,638	8,736
Recorder Perpetual	50,417	32,402	39,188	43,631
Clerks Perpetual	7,026	3,495	6,255	4,266
Title IV-D Clerk	29,092	11,215	13,407	26,900
Title IV-D Prosecutor	20,705	16,873	1,644	35,934
2000 Victim Assistance Grant	9,373	1,842	-	11,215
Work Release	855	-	855	-
Build Indiana	188	-	188	-
DUI Patrol Task Force	3,293	6,600	9,898	(5)
Stop Violence	-	11,889	11,889	-
Knox Lead Track Expenses	89,764	33,099	5,171	117,692
Supplemental Juvenile Probation	20,442	11,936	324	32,054
Supplemental Adult Probation	50,772	89,808	72,569	68,011
Probation Grant 02-JB-061	7,234	9,250	15,672	812
Pretrial Diversion	20,209	69,574	70,551	19,232

The accompanying notes are an integral part of the financial information.

STARKE COUNTY
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2006
(Continued)

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds (continued):				
County Extradition	20,645	-	7,836	12,809
County Corrections	11,235	16,836	8,692	19,379
Supplemental Public Defender Services	13,370	4,408	6,049	11,729
Victim Assistance 02VA147	(311)	21,506	29,808	(8,613)
Motor Vehicle Highway	643,497	2,339,126	2,123,609	859,014
Local Road and Street	16,242	267,438	251,930	31,750
Cumulative Bridge	506,261	73,609	150,000	429,870
Worker's Comp Insurance Account	-	150,000	-	150,000
Health Risk Awareness	193	-	193	-
Health	(4,931)	173,136	119,486	48,719
Women, Infants and Childrens	(3,931)	80,535	76,604	-
Women, Infants and Childrens #2	-	7,093	22,405	(15,312)
Women, Infants and Childrens #3	(824)	900	-	76
Pandemic Influenza Preparedness	-	2,000	-	2,000
Mosquito Control	(1,000)	1,420	-	420
Local Health Maintenance	20,479	33,139	53,558	60
Children Psychiatric	238,947	543,510	283,729	498,728
Family and Children Services	1,512,734	2,302,564	2,102,117	1,713,181
Family and Children Debt Services	10,128	594	-	10,722
New Cumulative Reassessment	667,849	240,563	202,740	705,672
Special Vehicle Inspection	5,183	1,210	2,405	3,988
Prosecutor Rico	4,831	-	3,981	850
Sheriff Rico	808	-	808	-
General Drain Improvement	135,163	34,951	3,134	166,980
General Drain Maintenance	1,077,361	304,646	300,998	1,081,009
Yellow River Basin Project	(18,294)	18,294	-	-
Accident Report Fees	4,245	6,462	8,280	2,427
Firearms Training	4,640	5,720	2,290	8,070
Drug Free Community	-	152,321	96,064	56,257
Drug Free Community	157,495	31,378	185,748	3,125
Drug Free Community Fd	4,826	-	4,826	-
Drug Task Force 98DB-063	(1,168)	33,896	44,683	(11,955)
County and Local Law Enforcement	2,258	484	621	2,121
Emergency 911	172,854	309,014	340,670	141,198
Emergency Planning and Right to Know	3,790	-	1,220	2,570
Cumulative Capital Development	160,374	169,932	146,598	183,708
Sheriff Build Indiana Fund	2	-	2	-
Public Health Preparedness Grant	-	2,235	12,807	(10,572)
Public Health Preparedness Grant	1,559	34,108	29,733	5,934
Circuit Court Computer Grant	42,790	-	42,790	-
LHMF Tobacco Settlement	34,473	18,287	31,188	21,572
Health Department Donations	414	1,298	1,403	309
Prosecutor Attorney Computer Grant	13,786	-	13,786	-

The accompanying notes are an integral part of the financial information.

STARKE COUNTY
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2006
(Continued)

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds (continued):				
Meth Awareness Program	1	-	1	-
Operation Pullover	764	6,570	5,330	2,004
Victim Assistance Grant 97VA046	1,326	-	1,200	126
Child Immunization Grant	814	-	5	809
Dare Grant 98DB-046	924	-	924	-
Marijuana Eradication Fee	15	-	15	-
Criminal Justice Grant Fund	1,600	-	1,600	-
Title IV-D County General	16,027	-	16,027	-
Sheriff's Commissary	42,847	105,281	122,334	25,794
Levy Excess	3	-	3	-
Fiduciary Funds:				
Sheriff's Retirement Plan	1,597,580	308,754	91,887	1,814,447
Sheriff's Benefit Plan	67,918	10,937	2,989	75,866
Congressional School Principal	14,720	14,720	14,720	14,720
Save the Hospital	3,356,512	211,705	-	3,568,217
Tax Distributions	25,523	22,682,862	22,677,326	31,059
Tax Collections Due State	-	443,998	443,998	-
Payroll	111,930	1,471,738	1,456,137	127,531
Court Fees	32,319	37,003	65,469	3,853
Surplus Tax	10,622	-	10,622	-
2003 Surplus Tax	89,188	-	1,242	87,946
2004 Surplus Tax	22,033	-	1,479	20,554
2205 Surplus Tax	60,133	-	42,803	17,330
2006 Surplus Tax	-	27,497	5,093	22,404
Tax Sale Surplus	(1,918)	679,150	296,210	381,022
Tax Sale Surplus	(75,050)	122,427	-	47,377
2004 Tax Sale Surplus	189,383	-	147,212	42,171
2005 Tax Sale Surplus	702,818	18,854	638,645	83,027
Tax Sale Redemption	910	3	672	241
2005 Tax Sale Redemption	(1,119)	90,113	86,319	2,675
2006 Tax Sale Redemption	-	47,716	50,684	(2,968)
Dog Tax Surplus	1,020	-	1,020	-
Welfare Trust	3,542	13,152	15,127	1,567
Congressional School Interest	11,926	-	2,355	9,571
Gross Tax on Sale of Real Estate	14	-	14	-
Inheritance Tax	11,904	357,125	231,456	137,573
Poor Relief	25	44,372	44,397	-
Sheriff	4,072	440,617	441,411	3,278
Inmates Trust	347	145,567	142,353	3,561
Probation	-	97,729	97,729	-
Recorder	7,446	124,533	122,315	9,664
Treasurer	382,313	24,950,118	25,067,841	264,590
Clerk	796,366	2,109,844	2,114,483	791,727
Totals	<u>\$ 14,632,798</u>	<u>\$ 69,110,871</u>	<u>\$ 68,024,147</u>	<u>\$ 15,719,522</u>

The accompanying notes are an integral part of the financial information.

STARKE COUNTY
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The County was established under the laws of the State of Indiana. The County provides the following services: public safety, highways and streets, health, welfare and social services, culture and recreation, planning and zoning, public improvements and general administrative services.

Note 2. Fund Accounting

The County uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the County in June and 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.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

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.

STARKE COUNTY
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

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 this 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 members' 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. That 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 the plan members for PERF are established by the Board of Trustees of PERF.

STARKE COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2006

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

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 13,804
Infrastructure	31,854,959
Buildings	3,556,665
Improvements other than buildings	84,073
Machinery and equipment	<u>4,441,906</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 39,951,407</u>

OTHER REPORTS

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

County Auditor
County Treasurer
Probation Department

STARKE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 2, 2007, with Michaelene J. Houston, Auditor; and Kevin Kroft, President of the Board of County Commissioners. Our examination disclosed no material items that warrant comment at this time.