

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

EXAMINATION REPORT
OF
FAYETTE COUNTY, INDIANA
January 1, 2006 to December 31, 2006



FILED
09/27/2007

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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Jane L. Klemme	01-01-04 to 12-31-07
Treasurer	Debra Shaw Kidd	01-01-05 to 12-31-08
Clerk	Melinda Sudhoff Ann Frost	01-01-03 to 12-31-06 01-01-07 to 12-31-10
Sheriff	Franklin Jackson William Wayson	01-01-03 to 12-31-06 01-01-07 to 12-31-10
Recorder	Ann Frost Melinda Sudhoff	01-01-03 to 12-31-06 01-01-07 to 12-31-10
President of the Board of County Commissioners	Russell Sidell, Jr. Chad Lee	01-01-06 to 12-31-06 01-01-07 to 12-31-07
President of the County Council	Richard Pflum	01-01-06 to 12-31-07



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF FAYETTE COUNTY, INDIANA

We have examined the financial information presented herein of Fayette 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 and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

August 7, 2007

FAYETTE 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	\$ 1,113,067	\$ 7,249,235	\$ 6,374,907	\$ 1,987,395
Bond Proceeds	755,345	19,379	772,009	2,715
County Highway	332,467	1,499,862	1,525,318	307,011
Local Road and Street	382,832	1,304,455	1,525,795	161,492
Property Reassessment	224,323	90,606	142,658	172,271
County Health	61,145	245,688	215,592	91,241
Accident Report	1,874	362	144	2,092
Firearms Training	2,543	4,230	2,964	3,809
County Surveyor's Corner Perpetuation	17,835	5,490	5,464	17,861
Supplemental Juvenile Probation	21,565	2,585	1,608	22,542
Supplemental Adult Probation	98,822	40,469	20,920	118,371
Pretrial Diversion	13,781	34,966	21,551	27,196
Prosecutor IV-D	10,297	30,254	12,568	27,983
CASA Donations	59	500	-	559
Community Drug Free (Drug and Alcohol Program)	46,503	21,391	39,821	28,073
County Extradition Fund	1,711	-	1,711	-
Recorder's Records Perpetuation	38,933	27,457	16,127	50,263
Clerk's Record Perpetuation Fund	35,103	7,747	21,619	21,231
Election/Registration	463	-	-	463
Hazardous Materials	5,687	-	275	5,412
User Fee	37,062	5,403	2,502	39,963
Covered Bridge	3,778	1,250	-	5,028
Health Maintenance	29,060	56,110	75,598	9,572
Community Corrections Adult (Home Detention)	55,870	180,223	218,386	17,707
Animal Shelter Donations	306	1,345	119	1,532
Emergency Planning/Right to Know	340	-	-	340
County Drug Free Community (Dare Program)	3,970	122	38	4,054
Emergency Telephone System (911)	21,222	342,104	332,012	31,314
Guardian Ad Litem - CASA	3,230	6,208	8,718	720
Plat Book	8,482	5,850	-	14,332
Supplemental Public Defender	37,604	20,625	49,682	8,547
County Family and Children Fund	374,715	2,912,807	3,133,660	153,862
Thoroughfare (Southern By-Pass)	8,043	-	-	8,043
Community Corrections Project Income	723,239	151,000	73,895	800,344
County Law Enforcement Continuing Ed.	701	438	-	1,139
Community Corrections Holdover - Juvenile	21,188	24,519	30,960	14,747
Holdover Supervisor	200	-	-	200
Deferral Program (Infraction Deferral Fees)	18,849	13,513	2,353	30,009
Solid Waste Landfill	2,329	-	-	2,329
County Cemetery	7,052	85,904	37,533	55,423

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

FAYETTE 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):				
Family Violence and Victim Assistance	3,196	86,206	77,616	11,786
Clerk's IV-D Incentive	37,861	-	-	37,861
Tobacco Settlement	11,484	20,216	15,118	16,582
Regional Planning (Land Acquisitions)	222,157	-	-	222,157
Neighborhood Watch	101	-	-	101
Felony Fund	500	-	-	500
Administrative Fees	54,074	6,688	-	60,762
Day Reporting Community Corrections	2,716	31,752	25,031	9,437
Stop Grant	(38)	9,000	-	8,962
Orange Planning Grant (Build IN)	40,630	-	1,560	39,070
Wireless Emergency Telephone	127,990	77,205	36,928	168,267
Senior Center Transportation Grant	-	176,978	176,978	-
Operation Pullover Grant	113	13,517	13,621	9
J.A.I.B.G. Grant Shocap/Safe Policy	-	5,000	816	4,184
Drainage Maintenance Funds	25,198	15,570	18,237	22,531
Child Care Development Grant	421	-	-	421
Adult Probation Administration Fees	3,491	17,250	10,000	10,741
Dental Health Grant	93	-	-	93
West Nile Control	-	1,420	1,420	-
Bioterrorism Grant - Health Department	2,727	69,857	57,312	15,272
Psychiatric Residential Treatment Service	390,436	796	95,467	295,765
Terrorism Planning Grant	17,276	-	-	17,276
County Share of CEDIT (Courthouse Renovations)	180,553	547,819	480,000	248,372
Drug Coalition Grant	100	500	-	600
Emergency Management Planning Grant	25,653	-	-	25,653
Emergency Management Donations	790	-	-	790
Homeland Security Grant	-	25,474	25,474	-
Sheriff's Commissary	7,100	75,803	76,836	6,067
Courthouse Operating Funds	23,658	100,000	123,658	-
County Identity Security Protection	-	8,554	-	8,554
Voting Machines	-	162,000	162,000	-
Sheriff Tax Sale Fund	-	16,200	10,300	5,900
Building Foundation Grant	-	4,000	3,225	775
Misdemeanor Fund	-	18,658	-	18,658
Health Vital Records	31,037	-	23,926	7,111
Key Benefits	5,290	-	-	5,290
Convention and Tourism (Department)	10,841	33,229	36,783	7,287
Jail Lease	270,296	533,266	527,115	276,447
Cumulative Bridge	1,254,311	964,142	716,799	1,501,654
Cumulative Capital Development	2,000,851	247,419	590,183	1,658,087
General Drain Improvement	6,235	-	-	6,235
Cumulative Courthouse	158,882	37,345	10,601	185,626
Cumulative Jail	120,856	61,754	58,806	123,804

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

FAYETTE 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
Fiduciary Funds:				
Sheriff's Pension Trust	1,232,497	97,930	87,586	1,242,841
Congressional Principal	19,515	-	-	19,515
State Fees	1,954	25,360	23,724	3,590
Inheritance Tax	59,769	621,313	647,655	33,427
Surplus Tax	71,680	125	8,902	62,903
Tax Sale Redemption	17,923	146,921	162,542	2,302
Surplus Tax Sale	476,767	119,964	504,543	92,188
Surplus Dog Tax	-	1,369	1,369	-
Congressional School Interest	1,311	863	-	2,174
Welfare Trust	25,875	47,151	34,839	38,187
Police Pension Trust Sheriff	721	-	-	721
Recorder Mortgage Fees	268	3,065	3,025	308
Coroner's Training and Continuing Ed.	141	1,210	1,197	154
City and Town Court Costs	-	9,434	8,796	638
Payroll Withholdings	53,577	1,511,892	1,508,263	57,206
Tax Distributions	439,575	28,563,621	28,930,631	72,565
County Treasurer	340,676	32,181,988	32,035,030	487,634
Clerk of the Circuit Court	515,570	3,312,952	3,481,030	347,492
County Sheriff	1,364	691,743	687,189	5,918
County Recorder	-	105,460	105,460	-
Probation Department	3,391	61,028	60,575	3,844
Prosecuting Attorney	-	10,368	10,368	-
Interstate Compact Fees	-	413	413	-
Special Death Fund	515	3,940	4,020	435
Tourism Bureau (Innkeepers' Tax)	9,763	32,122	33,954	7,931
Totals	<u>\$ 12,831,326</u>	<u>\$ 85,309,947</u>	<u>\$ 86,383,428</u>	<u>\$ 11,757,845</u>

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

FAYETTE 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 (police), highways and streets, health welfare and social services, culture and recreation, public improvements, planning and zoning, 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.

FAYETTE COUNTY
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plans

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 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.

B. County Police Retirement Fund

Plan Description

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

Funding Policy and Annual Pension Cost

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

FAYETTE COUNTY
NOTES TO FINANCIAL INFORMATION
(Continued)

C. County Police Benefit Plan

Plan Description

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

Funding Policy and Annual Pension Cost

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

Note 7. Subsequent Event

In July of 2007, the County established a synthetic line of credit at U.S. Bank with a credit limit up to \$758,000 to pay for debts incurred by the Division of Family and Children. The interest rate for the line of credit is fixed at 4.49% and the maturity date is December 31, 2008.

FAYETTE 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	\$ 626,392
Infrastructure	12,032,195
Buildings	6,261,332
Improvements other than buildings	<u>4,785,794</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 23,705,713</u>

FAYETTE COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2006

CAPITAL LEASES

The County has entered into the following capital leases:

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
Jail lease	\$ 1,000,000	\$ 485,000
Courthouse	<u>8,660,000</u>	<u>-</u>
Total governmental activities long-term debt	<u>\$ 9,660,000</u>	<u>\$ 485,000</u>

FAYETTE COUNTY
OTHER REPORT

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

County Sheriff

FAYETTE COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 7, 2007, with Jane L. Klemme, Auditor; and Chad Lee, President of the Board of County Commissioners. Our examination disclosed no material items that warrant comment at this time.