

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

ANNUAL FINANCIAL REPORT

2006

WABASH COUNTY, INDIANA



**FILED**

10/31/2007



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Jane E. Ridgeway	01-01-05 to 12-31-08
Treasurer	LuAnn Layman	01-01-05 to 12-31-08
Clerk	Lori Draper	01-01-04 to 12-31-07
Sheriff	Leroy W. Striker	01-01-03 to 12-31-10
Recorder	Nancy Gribben	01-01-03 to 12-31-10
President of the Board of County Commissioners	Brian K. Hauptert Lester D. Templin	01-01-06 to 12-31-06 01-01-07 to 12-31-07
President of the County Council	Robert Fuller	01-01-06 to 12-31-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF WABASH COUNTY, INDIANA

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

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

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

As discussed in Note I, the financial statements referred to above do not include a number of component units of the County which should have been included to fairly present the financial position of the County.

In our opinion, except that the omission of the component units of the County referred to in the preceding paragraph results in incomplete presentation, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2006, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated September 26, 2007, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

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

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

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

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

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

STATE BOARD OF ACCOUNTS

September 26, 2007



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

TO: THE OFFICIALS OF WABASH COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wabash County (County), as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 26, 2007. The opinion to the financial statements was qualified due to the omission of component units of Wabash County. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in item 2006-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiency in internal control over financial reporting.

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we consider item 2006-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2006-1.

The County's response to the findings identified in our audit are described in the accompanying section of the report entitled Corrective Action Plan. We did not audit the County's response and accordingly, we express no opinion on it.

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

STATE BOARD OF ACCOUNTS

September 26, 2007

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

Functions/Programs	Disbursements	Program Receipts			Net (Disbursements) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 4,798,073	\$ 379,126	\$ 249,342	\$ 66,143	\$ (4,103,462)
Public safety	3,999,485	1,513,058	152,959	139,174	(2,194,294)
Highways and streets	3,547,987	-	2,141,366	1,168,645	(237,976)
Health and welfare	3,270,978	199,601	1,243,472	-	(1,827,905)
Economic development	1,031,206	200	-	672,109	(358,897)
Culture and recreation	91,969	-	-	-	(91,969)
<b>Total primary government</b>	<b><u>\$ 16,739,698</u></b>	<b><u>\$ 2,091,985</u></b>	<b><u>\$ 3,787,139</u></b>	<b><u>\$ 2,046,071</u></b>	<b><u>(8,814,503)</u></b>
General receipts:					
Property taxes					5,714,129
Other local sources					2,798,043
Grants and contributions not restricted to specific programs					316,115
Unrestricted investment earnings					<u>1,022,072</u>
<b>Total general receipts</b>					<b><u>9,850,359</u></b>
<b>Change in net assets</b>					<b>1,035,856</b>
<b>Net assets - beginning</b>					<b><u>12,579,065</u></b>
<b>Net assets - ending</b>					<b><u>\$ 13,614,921</u></b>
<u>Assets</u>					
Cash and investments					\$ 5,968,838
Restricted assets:					
Cash and investments					<u>7,646,083</u>
<b>Total assets</b>					<b><u>\$ 13,614,921</u></b>
<u>Net Assets</u>					
Restricted for:					
Highways and streets					\$ 6,414,317
Health and welfare					1,231,766
Unrestricted					<u>5,968,838</u>
<b>Total net assets</b>					<b><u>\$ 13,614,921</u></b>

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

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

	General	County Highway	Local Road and Street	Family and Children	Cumulative Bridge	Other Governmental Funds	Totals
<b>Receipts:</b>							
Taxes	\$ 3,208,645	\$ -	\$ -	\$ 1,393,129	\$ 343,144	\$ 769,211	\$ 5,714,129
Special assessments	-	-	-	-	-	137,682	137,682
Licenses and permits	-	-	-	-	-	5,845	5,845
Intergovernmental	2,770,355	2,589,203	507,602	928,912	171,076	1,490,351	8,457,499
Charges for services	362,756	-	-	-	-	1,618,858	1,981,614
Other	1,080,016	68,047	80,410	101,964	-	148,348	1,478,785
<b>Total receipts</b>	<b>7,421,772</b>	<b>2,657,250</b>	<b>588,012</b>	<b>2,424,005</b>	<b>514,220</b>	<b>4,170,295</b>	<b>17,775,554</b>
<b>Disbursements:</b>							
General government	4,306,411	-	-	-	-	481,312	4,787,723
Public safety	2,451,401	-	-	-	-	1,548,084	3,999,485
Highways and streets	-	2,573,713	777,010	-	-	2,766	3,353,489
Health and welfare	152,091	-	-	2,476,501	-	642,386	3,270,978
Culture and recreation	91,969	-	-	-	-	-	91,969
Economic development	-	-	-	-	-	499,136	499,136
Capital outlay:							
General government	-	-	-	-	-	10,350	10,350
Highways and streets	-	-	-	-	194,498	-	194,498
Economic development	-	-	-	-	-	532,070	532,070
<b>Total disbursements</b>	<b>7,001,872</b>	<b>2,573,713</b>	<b>777,010</b>	<b>2,476,501</b>	<b>194,498</b>	<b>3,716,104</b>	<b>16,739,698</b>
Excess (deficiency) of receipts over disbursements	419,900	83,537	(188,998)	(52,496)	319,722	454,191	1,035,856
<b>Other financing sources (uses):</b>							
Interfund loans received	500,000	-	500,000	-	-	-	1,000,000
Interfund loans paid	(500,000)	-	(500,000)	-	-	-	(1,000,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	419,900	83,537	(188,998)	(52,496)	319,722	454,191	1,035,856
Cash and investment fund balance - beginning	1,634,794	1,032,763	3,203,843	1,006,246	1,963,450	3,737,969	12,579,065
<b>Cash and investment fund balance - ending</b>	<b>\$ 2,054,694</b>	<b>\$ 1,116,300</b>	<b>\$ 3,014,845</b>	<b>\$ 953,750</b>	<b>\$ 2,283,172</b>	<b>\$ 4,192,160</b>	<b>\$ 13,614,921</b>
<b>Cash and Investment Assets - December 31</b>							
Cash and investments	\$ 2,054,694	\$ -	\$ -	\$ -	\$ -	\$ 3,914,144	\$ 5,968,838
Restricted assets:							
Cash and investments	-	1,116,300	3,014,845	953,750	2,283,172	278,016	7,646,083
<b>Total cash and investment assets - December 31</b>	<b>\$ 2,054,694</b>	<b>\$ 1,116,300</b>	<b>\$ 3,014,845</b>	<b>\$ 953,750</b>	<b>\$ 2,283,172</b>	<b>\$ 4,192,160</b>	<b>\$ 13,614,921</b>
<b>Cash and Investment Fund Balance - December 31</b>							
Restricted for:							
Highways and streets	\$ -	\$ 1,116,300	\$ 3,014,845	\$ -	\$ 2,283,172	\$ -	\$ 6,414,317
Health and welfare	-	-	-	953,750	-	278,016	1,231,766
Unrestricted	2,054,694	-	-	-	-	3,914,144	5,968,838
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 2,054,694</b>	<b>\$ 1,116,300</b>	<b>\$ 3,014,845</b>	<b>\$ 953,750</b>	<b>\$ 2,283,172</b>	<b>\$ 4,192,160</b>	<b>\$ 13,614,921</b>

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

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

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Employer	\$ 92,738	\$ -	\$ -
Investment earnings:			
Interest	20,982	-	-
Dividends	<u>36,734</u>	<u>-</u>	<u>-</u>
Net investment earnings	<u>57,716</u>	<u>-</u>	<u>-</u>
Agency fund additions	<u>-</u>	<u>-</u>	<u>92,819,061</u>
Total additions	<u>150,454</u>	<u>-</u>	<u>92,819,061</u>
Deductions:			
Benefits	54,815	-	-
Administrative and general	10,179	-	-
Agency fund deductions	<u>-</u>	<u>-</u>	<u>95,174,206</u>
Total deductions	<u>64,994</u>	<u>-</u>	<u>95,174,206</u>
Excess (deficiency) of total additions over total deductions	85,460	-	(2,355,145)
Cash and investment fund balance - beginning	<u>1,093,742</u>	<u>32,335</u>	<u>6,566,626</u>
Cash and investment fund balance - ending	<u>\$ 1,179,202</u>	<u>\$ 32,335</u>	<u>\$ 4,211,481</u>

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

WABASH COUNTY  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The County was established under the laws of the State of Indiana. The County operates under a Council-Commissioner form of government and provides the following services: public safety (police), highways and streets, health welfare and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

The County's financial reporting entity is composed of the primary government, Wabash County.

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

The Wabash County Solid Waste Management District and the Wabash County Hospital, discretely presented component units have been omitted from these financial statements. Accordingly, the financial statements do not include the data of all of the County's component units necessary to fairly present the financial position of the County.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

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

The County reports the following major governmental funds:

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

The county highway fund is used to account for the collection of motor vehicle highway distributions and other related taxes and fees intended for the maintenance, repair and preservation of County highways.

The local road and street fund is used to account for the collection of state distributions and other related taxes and fees intended for the maintenance, repair and preservation of County highways.

WABASH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The family and children fund is used to account for collection of property taxes and state distributions to be used for the health and welfare of the citizens of the County.

The cumulative bridge fund is used to provide funds for the cost of reconstruction, maintenance, and repair of bridges, approaches and grade separations.

Additionally, the County reports the following fund types:

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

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

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

WABASH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2. Capital Assets

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

3. Long-Term Debt

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

4. Equity Classification

Government-Wide Statements

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

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

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

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts and Disbursements

Program Receipts

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

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.

WABASH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

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

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

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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

B. Cash and Investment Balance Deficits

At December 31, 2006, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

WABASH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Fund	2006
Community Corrections	\$ 58,444
Tax Sale Redemption	984
Local Health Coordinator	1,457
Pretrial Diversion	15,820

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; these deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

Deposits and Investments

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the County'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 County's 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.

B. Investments

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

Investment Type	Sheriff's Retirement and Benefit Pension Plans
Mutual funds	\$ 255
Corporate bonds	287,543
Government sponsored enterprises	177,308
Corporate stock	668,621
Total	\$ 1,133,727

Investment Policies

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

WABASH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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

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

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Sheriff's Merit Board does not have a formal investment policy for custodial credit risk for investments. At December 31, 2006, the Sheriff's Pension Plan held investments in Mutual Funds, Corporate Bonds, U.S. Government Sponsored Agencies, and Corporate Stock in the amount of \$1,133,727. All of these investments were held by the counterparty's trust department or agent but not in the name of the Sheriff's Pension Plan.

Interest Rate Risk

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

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

WABASH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Sheriff's Retirement and Benefit Pension Plans:

Investment Type	Investment Maturities (in Years)		
	Less Than 1	1-2	More Than 2
Mutual funds	\$ 255	\$ -	\$ -
Corporate bonds	99,901	49,482	138,160
Government sponsored enterprises	24,703	127,949	24,656
Corporate stock	668,621	-	-
Totals	<u>\$ 793,480</u>	<u>\$ 177,431</u>	<u>\$ 162,816</u>

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The distribution of securities with credit ratings is summarized below.

Sheriff's Retirement and Benefit Pension Plans:

Standard and Poor's Rating	County's Investments		
	Mutual Funds	Corporate Bonds	Government Sponsored Enterprise
AAA	\$ -	\$ 50,902	\$ 177,308
A	-	46,275	-
Unrated	255	190,366	-
Totals	<u>\$ 255</u>	<u>\$ 287,543</u>	<u>\$ 177,308</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 County does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

The Sheriff's Merit Board has not adopted a policy for the concentration of credit risk. More than 5% of the Sheriff's Retirement and Benefit investments are in Federal Home Loan Bank (\$177,308, 16%), General Electric (\$109,070, 10%), and Merrill Lynch (\$59,908, 5%)

WABASH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

IV. Other Information

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; 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

The County has chosen to establish risk financing for risks associated with medical benefits to employees, retirees, and dependents. The risk financing is accounted for in each fund that accounts for payroll where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$30,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Amounts are paid by all funds with payrolls and are available to pay claims, claim reserves, and administrative cost of the program. Premiums are based upon an overall premium percentage which is applied to each fund's gross wages.

B. Administration of Welfare Programs

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

C. Pension Plans

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

1. Public Employees' Retirement Fund

Plan Description

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

WABASH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

2. County Police Retirement Plan

Plan Description

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

Funding Policy and Annual Pension Cost

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

3. County Police Benefit Plan

Plan Description

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

Funding Policy and Annual Pension Cost

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

WABASH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Actuarial Information for the Above Plans

	PERF	County Police Retirement Plan	County Police Benefit Plan
Annual required contribution	\$ 162,043	\$ 56,665	\$ 29,563
Interest on net pension obligation	(17,484)	-	-
Adjustment to annual required contribution	19,924	-	-
Annual pension cost	164,483	56,665	29,563
Contributions made	188,964	56,665	29,563
Decrease in net pension obligation	(24,481)	-	-
Net pension obligation, beginning of year	(241,152)	(13)	-
Net pension obligation, end of year	\$ (265,633)	\$ (13)	\$ -

	PERF	County Police Retirement Plan	County Police Benefit Plan
Contribution rates:			
County	6.25%	13%	7%
Plan members	3%	None	None
Actuarial valuation date	07-01-06	01-01-07	01-01-07
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%

WABASH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-04	\$ 150,729	124%	\$ (226,651)
	06-30-05	165,276	109%	(241,152)
	06-30-06	164,483	114%	(265,633)
County Police Retirement Plan	12-31-04	69,170	100%	(13)
	12-31-05	62,349	100%	(13)
	12-31-06	56,665	100%	(13)
County Police Benefit Plan	12-31-04	24,961	100%	-
	12-31-05	30,389	100%	-
	12-31-06	29,563	100%	-

WABASH COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 2,825,970	\$ 3,144,171	\$ (318,201)	90%	\$ 2,884,117	(11%)
07-01-05	2,968,058	3,243,742	(275,684)	92%	2,789,802	(10%)
07-01-06	3,086,333	3,494,807	(408,474)	88%	3,130,656	(13%)

County Police Retirement 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)
01-01-02	\$ 1,057,390	\$ 1,057,390	-	100%	\$ 384,631	0%
01-01-03	1,027,471	1,027,471	-	100%	385,162	0%
01-01-04	1,023,016	1,023,016	-	100%	423,805	0%
01-01-05	1,117,323	1,117,323	-	100%	431,417	0%
01-01-06	1,197,507	1,197,507	-	100%	447,267	0%
01-01-07	1,294,021	1,294,021	-	100%	476,725	0%

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

	Riverboat	Tobacco Settlement	Drainage Maintenance	County Health	Supplemental Public Defender Service	Pretrial Diversion	Emergency Management ODPHES Grant
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ 209,808	\$ -	\$ -	\$ -
Special assessments	-	-	71,539	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	219,996	20,707	-	28,231	-	-	68,239
Charges for services	-	-	-	46,457	20,088	7,424	-
Other	-	13,061	-	88	-	-	-
<b>Total receipts</b>	<b>219,996</b>	<b>33,768</b>	<b>71,539</b>	<b>284,584</b>	<b>20,088</b>	<b>7,424</b>	<b>68,239</b>
<b>Disbursements:</b>							
General government	219,996	-	67,219	-	-	-	-
Public safety	-	-	-	-	11,000	23,184	68,190
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	21,821	-	240,558	-	-	-
Economic development	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>219,996</b>	<b>21,821</b>	<b>67,219</b>	<b>240,558</b>	<b>11,000</b>	<b>23,184</b>	<b>68,190</b>
Excess (deficiency) of receipts over disbursements	-	11,947	4,320	44,026	9,088	(15,760)	49
Cash and investment fund balance - beginning	-	45,873	522,540	80,701	2,544	(60)	-
Cash and investment fund balance - ending	\$ -	\$ 57,820	\$ 526,860	\$ 124,727	\$ 11,632	\$ (15,820)	\$ 49
<b>Cash and Investment Assets - December 31</b>							
Cash and investments	\$ -	\$ 57,820	\$ 526,860	\$ -	\$ 11,632	\$ (15,820)	\$ 49
Restricted assets:							
Cash and investments	-	-	-	124,727	-	-	-
<b>Total cash and investment assets - December 31</b>	<b>\$ -</b>	<b>\$ 57,820</b>	<b>\$ 526,860</b>	<b>\$ 124,727</b>	<b>\$ 11,632</b>	<b>\$ (15,820)</b>	<b>\$ 49</b>
<b>Cash and Investment Fund Balance - December 31</b>							
Restricted for:							
Health and welfare	\$ -	\$ -	\$ -	\$ 124,727	\$ -	\$ -	\$ -
Unrestricted	-	57,820	526,860	-	11,632	(15,820)	49
<b>Total cash and investment fund balance - December 31</b>	<b>\$ -</b>	<b>\$ 57,820</b>	<b>\$ 526,860</b>	<b>\$ 124,727</b>	<b>\$ 11,632</b>	<b>\$ (15,820)</b>	<b>\$ 49</b>

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

	Council On Aging	Accident Report	Firearms Training	Homeland Security Health	Surveyor's Corner Perpetuation	Recorder's Records Perpetuation	Supplemental Adult Probation Services
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	5,845	-	-	-	-
Intergovernmental	166,133	-	-	2,752	-	-	-
Charges for services	-	1,653	-	-	7,220	46,746	63,806
Other	-	-	-	493	-	-	109,381
<b>Total receipts</b>	<b>166,133</b>	<b>1,653</b>	<b>5,845</b>	<b>3,245</b>	<b>7,220</b>	<b>46,746</b>	<b>173,187</b>
Disbursements:							
General government	-	-	-	-	196	26,091	-
Public safety	-	-	1,747	4,976	-	-	15,485
Highways and streets	-	-	-	-	-	-	-
Health and welfare	166,133	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>166,133</b>	<b>-</b>	<b>1,747</b>	<b>4,976</b>	<b>196</b>	<b>26,091</b>	<b>15,485</b>
Excess (deficiency) of receipts over disbursements	-	1,653	4,098	(1,731)	7,024	20,655	157,702
Cash and investment fund balance - beginning	-	2,338	2,494	14,366	50,983	155,902	194,627
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 3,991</u>	<u>\$ 6,592</u>	<u>\$ 12,635</u>	<u>\$ 58,007</u>	<u>\$ 176,557</u>	<u>\$ 352,329</u>
<b>Cash and Investment Assets - December 31</b>							
Cash and investments	\$ -	\$ 3,991	\$ 6,592	\$ 12,635	\$ 58,007	\$ 176,557	\$ 352,329
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - December 31</b>	<u>\$ -</u>	<u>\$ 3,991</u>	<u>\$ 6,592</u>	<u>\$ 12,635</u>	<u>\$ 58,007</u>	<u>\$ 176,557</u>	<u>\$ 352,329</u>
<b>Cash and Investment Fund Balance - December 31</b>							
Restricted for:							
Health and welfare	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	3,991	6,592	12,635	58,007	176,557	352,329
<b>Total cash and investment fund balance - December 31</b>	<u>\$ -</u>	<u>\$ 3,991</u>	<u>\$ 6,592</u>	<u>\$ 12,635</u>	<u>\$ 58,007</u>	<u>\$ 176,557</u>	<u>\$ 352,329</u>

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

	Supplemental Juvenile Probation Services	County Drug Free Community	Emergency Telephone System	Covered Bridge	Jury Pay	Enhanced Community Enforcement	County Extradition
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	69,441	2,500	-	-	-
Charges for services	18,986	25,505	418,729	-	5,995	354	1,133
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>18,986</b>	<b>25,505</b>	<b>488,170</b>	<b>2,500</b>	<b>5,995</b>	<b>354</b>	<b>1,133</b>
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	25,380	28,157	455,962	-	-	793	-
Highways and streets	-	-	-	2,766	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>25,380</b>	<b>28,157</b>	<b>455,962</b>	<b>2,766</b>	<b>-</b>	<b>793</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(6,394)	(2,652)	32,208	(266)	5,995	(439)	1,133
Cash and investment fund balance - beginning	100,070	34,336	455,800	9,024	45,114	439	467
Cash and investment fund balance - ending	<u>\$ 93,676</u>	<u>\$ 31,684</u>	<u>\$ 488,008</u>	<u>\$ 8,758</u>	<u>\$ 51,109</u>	<u>\$ -</u>	<u>\$ 1,600</u>
<b>Cash and Investment Assets - December 31</b>							
Cash and investments	\$ 93,676	\$ 31,684	\$ 488,008	\$ 8,758	\$ 51,109	\$ -	\$ 1,600
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - December 31</b>	<b>\$ 93,676</b>	<b>\$ 31,684</b>	<b>\$ 488,008</b>	<b>\$ 8,758</b>	<b>\$ 51,109</b>	<b>\$ -</b>	<b>\$ 1,600</b>
<b>Cash and Investment Fund Balance - December 31</b>							
Restricted for:							
Health and welfare	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	93,676	31,684	488,008	8,758	51,109	-	1,600
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 93,676</b>	<b>\$ 31,684</b>	<b>\$ 488,008</b>	<b>\$ 8,758</b>	<b>\$ 51,109</b>	<b>\$ -</b>	<b>\$ 1,600</b>

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

	Electronic Monitoring	Community Corrections	Community Corrections Project Income	LETT Grant	Local Health Maintenance	Emergency Planning and Right to Know	Clerk's Records Perpetuation
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	40,068	33,139	6,197	-
Charges for services	-	238,913	203,839	-	38,031	105	20,709
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>238,913</b>	<b>203,839</b>	<b>40,068</b>	<b>71,170</b>	<b>6,302</b>	<b>20,709</b>
<b>Disbursements:</b>							
General government	-	-	-	-	-	-	14,429
Public safety	111,252	340,587	92,459	40,068	-	8,966	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	34,400	-	-
Economic development	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>111,252</b>	<b>340,587</b>	<b>92,459</b>	<b>40,068</b>	<b>34,400</b>	<b>8,966</b>	<b>14,429</b>
Excess (deficiency) of receipts over disbursements	(111,252)	(101,674)	111,380	-	36,770	(2,664)	6,280
Cash and investment fund balance - beginning	111,252	43,230	83,708	-	68,511	24,625	6,595
Cash and investment fund balance - ending	\$ -	\$ (58,444)	\$ 195,088	\$ -	\$ 105,281	\$ 21,961	\$ 12,875
<b>Cash and Investment Assets - December 31</b>							
Cash and investments	\$ -	\$ (58,444)	\$ 195,088	\$ -	\$ -	\$ 21,961	\$ 12,875
Restricted assets:							
Cash and investments	-	-	-	-	105,281	-	-
<b>Total cash and investment assets - December 31</b>	<b>\$ -</b>	<b>\$ (58,444)</b>	<b>\$ 195,088</b>	<b>\$ -</b>	<b>\$ 105,281</b>	<b>\$ 21,961</b>	<b>\$ 12,875</b>
<b>Cash and Investment Fund Balance - December 31</b>							
Restricted for:							
Health and welfare	\$ -	\$ -	\$ -	\$ -	\$ 105,281	\$ -	\$ -
Unrestricted	-	(58,444)	195,088	-	-	21,961	12,875
<b>Total cash and investment fund balance - December 31</b>	<b>\$ -</b>	<b>\$ (58,444)</b>	<b>\$ 195,088</b>	<b>\$ -</b>	<b>\$ 105,281</b>	<b>\$ 21,961</b>	<b>\$ 12,875</b>

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

	Corrections Jail Housing	Emergency Management Volunteer Support	Car Seat Safety Grant	LEPC Special Projects	Sheriff WASA Grant	Crime Control and Drug Seizure	L.E.A.F. Grant
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	25,072	-	-	1,500	-	-	4,597
Charges for services	-	3,423	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>25,072</b>	<b>3,423</b>	<b>-</b>	<b>1,500</b>	<b>-</b>	<b>-</b>	<b>4,597</b>
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	25,307	3,862	-	818	-	-	4,819
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>25,307</b>	<b>3,862</b>	<b>-</b>	<b>818</b>	<b>-</b>	<b>-</b>	<b>4,819</b>
Excess (deficiency) of receipts over disbursements	(235)	(439)	-	682	-	-	(222)
Cash and investment fund balance - beginning	15,005	2,178	1,085	6,570	270	550	395
Cash and investment fund balance - ending	<u>\$ 14,770</u>	<u>\$ 1,739</u>	<u>\$ 1,085</u>	<u>\$ 7,252</u>	<u>\$ 270</u>	<u>\$ 550</u>	<u>\$ 173</u>
<b>Cash and Investment Assets - December 31</b>							
Cash and investments	\$ 14,770	\$ 1,739	\$ 1,085	\$ 7,252	\$ 270	\$ 550	\$ 173
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - December 31</b>	<b>\$ 14,770</b>	<b>\$ 1,739</b>	<b>\$ 1,085</b>	<b>\$ 7,252</b>	<b>\$ 270</b>	<b>\$ 550</b>	<b>\$ 173</b>
<b>Cash and Investment Fund Balance - December 31</b>							
Restricted for:							
Health and welfare	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	14,770	1,739	1,085	7,252	270	550	173
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 14,770</b>	<b>\$ 1,739</b>	<b>\$ 1,085</b>	<b>\$ 7,252</b>	<b>\$ 270</b>	<b>\$ 550</b>	<b>\$ 173</b>

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

	Children's Psychiatric	Historical Museum	Emergency Management Planning Grant	Emergency Management Certification	Local Health Coordinator	Rainy Day	Community Transition
<b>Receipts:</b>							
Taxes	\$ 118,222	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	15,591	-	-	1,494	26,642	-	74,273
Charges for services	-	-	-	-	-	-	-
Other	479	-	-	-	-	-	-
<b>Total receipts</b>	<b>134,292</b>	<b>-</b>	<b>-</b>	<b>1,494</b>	<b>26,642</b>	<b>-</b>	<b>74,273</b>
<b>Disbursements:</b>							
General government	-	-	-	-	-	-	-
Public safety	-	-	13	1,505	-	-	43,752
Highways and streets	-	-	-	-	-	-	-
Health and welfare	151,283	-	-	-	28,191	-	-
Economic development	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>151,283</b>	<b>-</b>	<b>13</b>	<b>1,505</b>	<b>28,191</b>	<b>-</b>	<b>43,752</b>
Excess (deficiency) of receipts over disbursements	(16,991)	-	(13)	(11)	(1,549)	-	30,521
Cash and investment fund balance - beginning	64,999	3,470	13	11	92	108,198	3,730
Cash and investment fund balance - ending	<u>\$ 48,008</u>	<u>\$ 3,470</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,457)</u>	<u>\$ 108,198</u>	<u>\$ 34,251</u>
<b>Cash and Investment Assets - December 31</b>							
Cash and investments	\$ -	\$ 3,470	\$ -	\$ -	\$ (1,457)	\$ 108,198	\$ 34,251
Restricted assets:							
Cash and investments	48,008	-	-	-	-	-	-
<b>Total cash and investment assets - December 31</b>	<b>\$ 48,008</b>	<b>\$ 3,470</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,457)</b>	<b>\$ 108,198</b>	<b>\$ 34,251</b>
<b>Cash and Investment Fund Balance - December 31</b>							
Restricted for:							
Health and welfare	\$ 48,008	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	3,470	-	-	(1,457)	108,198	34,251
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 48,008</b>	<b>\$ 3,470</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,457)</b>	<b>\$ 108,198</b>	<b>\$ 34,251</b>

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

	Election Voting Machine	Cumulative Reassessment 2006	Sheriff's Commissary	Drug Buy Money	Levy Excess	Criminal Justice Sheriff's Department	Security Protection
<b>Receipts:</b>							
Taxes	\$ -	\$ 79,919	\$ -	\$ -	\$ 65,141	\$ -	\$ -
Special assessments	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	11,670	-	-	-	-	-
Charges for services	-	-	207,281	-	-	-	11,936
Other	-	13,330	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>104,919</b>	<b>207,281</b>	<b>-</b>	<b>65,141</b>	<b>-</b>	<b>11,936</b>
<b>Disbursements:</b>							
General government	15,895	102,056	-	-	35,430	-	-
Public safety	-	-	218,611	2,924	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Economic development	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>15,895</b>	<b>102,056</b>	<b>218,611</b>	<b>2,924</b>	<b>35,430</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(15,895)	2,863	(11,330)	(2,924)	29,711	-	11,936
Cash and investment fund balance - beginning	15,901	469,901	33,226	2,924	54,105	376	-
Cash and investment fund balance - ending	<u>\$ 6</u>	<u>\$ 472,764</u>	<u>\$ 21,896</u>	<u>\$ -</u>	<u>\$ 83,816</u>	<u>\$ 376</u>	<u>\$ 11,936</u>
<b>Cash and Investment Assets - December 31</b>							
Cash and investments	\$ 6	\$ 472,764	\$ 21,896	\$ -	\$ 83,816	\$ 376	\$ 11,936
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - December 31</b>	<b>\$ 6</b>	<b>\$ 472,764</b>	<b>\$ 21,896</b>	<b>\$ -</b>	<b>\$ 83,816</b>	<b>\$ 376</b>	<b>\$ 11,936</b>
<b>Cash and Investment Fund Balance - December 31</b>							
Restricted for:							
Health and welfare	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	6	472,764	21,896	-	83,816	376	11,936
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 6</b>	<b>\$ 472,764</b>	<b>\$ 21,896</b>	<b>\$ -</b>	<b>\$ 83,816</b>	<b>\$ 376</b>	<b>\$ 11,936</b>

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

	Drug/Alcohol Court Program	Court Appointed Special Advocate	Economic Development Income Tax	General Drain Improvement	Cumulative Capital Development	Totals
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 296,121	\$ 769,211
Special assessments	-	-	-	66,143	-	137,682
Licenses and permits	-	-	-	-	-	5,845
Intergovernmental	-	-	631,525	-	40,584	1,490,351
Charges for services	213,458	17,067	-	-	-	1,618,858
Other	-	-	-	-	11,516	148,348
<b>Total receipts</b>	<b>213,458</b>	<b>17,067</b>	<b>631,525</b>	<b>66,143</b>	<b>348,221</b>	<b>4,170,295</b>
<b>Disbursements:</b>						
General government	-	-	-	-	-	481,312
Public safety	1,200	17,067	-	-	-	1,548,084
Highways and streets	-	-	-	-	-	2,766
Health and welfare	-	-	-	-	-	642,386
Economic development	-	-	499,136	-	-	499,136
Capital outlay:						
General government	-	-	-	10,350	-	10,350
Economic development	-	-	-	-	532,070	532,070
<b>Total disbursements</b>	<b>1,200</b>	<b>17,067</b>	<b>499,136</b>	<b>10,350</b>	<b>532,070</b>	<b>3,716,104</b>
Excess (deficiency) of receipts over disbursements	212,258	-	132,389	55,793	(183,849)	454,191
Cash and investment fund balance - beginning	-	-	187,488	117,714	594,289	3,737,969
Cash and investment fund balance - ending	<u>\$ 212,258</u>	<u>\$ -</u>	<u>\$ 319,877</u>	<u>\$ 173,507</u>	<u>\$ 410,440</u>	<u>\$ 4,192,160</u>
<b>Cash and Investment Assets - December 31</b>						
Cash and investments	\$ 212,258	\$ -	\$ 319,877	\$ 173,507	\$ 410,440	\$ 3,914,144
Restricted assets:						
Cash and investments	-	-	-	-	-	278,016
<b>Total cash and investment assets - December 31</b>	<u>\$ 212,258</u>	<u>\$ -</u>	<u>\$ 319,877</u>	<u>\$ 173,507</u>	<u>\$ 410,440</u>	<u>\$ 4,192,160</u>
<b>Cash and Investment Fund Balance - December 31</b>						
Restricted for:						
Health and welfare	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 278,016
Unrestricted	212,258	-	319,877	173,507	410,440	3,914,144
<b>Total cash and investment fund balance - December 31</b>	<u>\$ 212,258</u>	<u>\$ -</u>	<u>\$ 319,877</u>	<u>\$ 173,507</u>	<u>\$ 410,440</u>	<u>\$ 4,192,160</u>

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

	Surplus Tax	Tax Sale Redemption	Hospital Care for the Indigent	Medical Assistance to Wards	Children With Special Health Care Needs	Child Restraint
Additions:						
Agency fund additions	\$ 40,657	\$ 13,948	\$ 507,985	\$ 165,489	\$ 21,582	\$ 25
Deductions:						
Agency fund deductions	46,888	14,932	507,985	165,489	21,582	25
Excess (deficiency) of total additions over total deductions	(6,231)	(984)	-	-	-	-
Cash and investment fund balance - beginning	11,310	-	-	-	-	-
Cash and investment fund balance - ending	<u>\$ 5,079</u>	<u>\$ (984)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Education License Plate Excise Fees	Welfare Trust	Congressional Interest	Surplus Tax Sale	County Sales Disclosure Fee	Mortgage Fee
Additions:						
Agency fund additions	\$ 1,519	\$ -	\$ 803	\$ 75,850	\$ 15,503	\$ 5,027
Deductions:						
Agency fund deductions	<u>1,294</u>	<u>33,864</u>	<u>1,294</u>	<u>64,870</u>	<u>4,375</u>	<u>4,759</u>
Excess (deficiency) of total additions over total deductions	225	(33,864)	(491)	10,980	11,128	268
Cash and investment fund balance - beginning	<u>-</u>	<u>33,864</u>	<u>49,613</u>	<u>71,902</u>	<u>1,400</u>	<u>472</u>
Cash and investment fund balance - ending	<u>\$ 225</u>	<u>\$ -</u>	<u>\$ 49,122</u>	<u>\$ 82,882</u>	<u>\$ 12,528</u>	<u>\$ 740</u>

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

	<u>City and Town Court Cost</u>	<u>State Sales Disclosure Fee</u>	<u>Coroner's Training and Continuing Education</u>	<u>Special Death Benefit</u>	<u>Inheritance Tax</u>	<u>State Fees</u>
Additions:						
Agency fund additions	\$ 13,403	\$ 4,110	\$ 1,963	\$ 2,360	\$ 613,846	\$ 77,358
Deductions:						
Agency fund deductions	<u>12,688</u>	<u>3,985</u>	<u>1,970</u>	<u>2,345</u>	<u>661,307</u>	<u>109,488</u>
Excess (deficiency) of total additions over total deductions	715	125	(7)	15	(47,461)	(32,130)
Cash and investment fund balance - beginning	<u>9,208</u>	<u>285</u>	<u>208</u>	<u>130</u>	<u>116,636</u>	<u>56,549</u>
Cash and investment fund balance - ending	<u>\$ 9,923</u>	<u>\$ 410</u>	<u>\$ 201</u>	<u>\$ 145</u>	<u>\$ 69,175</u>	<u>\$ 24,419</u>

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

	Payroll	Solid Waste Management Payroll	Convention and Tourism Bureau	Soil and Water Conservation	Employee Health Insurance	Interstate Compact Fee
Additions:						
Agency fund additions	\$ 5,810,037	\$ 117,680	\$ 86,345	\$ 13,533	\$ 684,216	\$ 112
Deductions:						
Agency fund deductions	5,817,310	117,353	86,345	13,310	765,050	187
Excess (deficiency) of total additions over total deductions	(7,273)	327	-	223	(80,834)	(75)
Cash and investment fund balance - beginning	80,903	1	-	(33)	662,491	75
Cash and investment fund balance - ending	<u>\$ 73,630</u>	<u>\$ 328</u>	<u>\$ -</u>	<u>\$ 190</u>	<u>\$ 581,657</u>	<u>\$ -</u>

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

	County Police Pension	User Fees	Probation Department	Tax Distributions	County Sheriff	Work Release Community Corrections
Additions:						
Agency fund additions	\$ 8,245	\$ 93,164	\$ 56,883	\$ 41,331,557	\$ 794,158	\$ 198,785
Deductions:						
Agency fund deductions	4,524	275,982	55,076	41,346,203	794,158	192,603
Excess (deficiency) of total additions over total deductions	3,721	(182,818)	1,807	(14,646)	-	6,182
Cash and investment fund balance - beginning	8,397	287,952	2,965	57,043	325	13,007
Cash and investment fund balance - ending	<u>\$ 12,118</u>	<u>\$ 105,134</u>	<u>\$ 4,772</u>	<u>\$ 42,397</u>	<u>\$ 325</u>	<u>\$ 19,189</u>

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

	Clerk of the Circuit Court	Sheriff Inmate Trust	County Recorder	County Treasurer	Commissioners Tax Certificate Sale	Totals
Additions:						
Agency fund additions	\$ 3,800,533	\$ 162,480	\$ 149,760	\$ 37,943,145	\$ 7,000	\$ 92,819,061
Deductions:						
Agency fund deductions	3,820,600	164,902	149,760	39,911,703	-	95,174,206
Excess (deficiency) of total additions over total deductions	(20,067)	(2,422)	-	(1,968,558)	7,000	(2,355,145)
Cash and investment fund balance - beginning	441,610	3,555	50	4,656,708	-	6,566,626
Cash and investment fund balance - ending	<u>\$ 421,543</u>	<u>\$ 1,133</u>	<u>\$ 50</u>	<u>\$ 2,688,150</u>	<u>\$ 7,000</u>	<u>\$ 4,211,481</u>

WABASH COUNTY  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS

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	\$ 169,541
Infrastructure	52,469,510
Buildings	6,014,261
Machinery and equipment	<u>4,230,626</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 62,883,938</u>

WABASH COUNTY  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT

December 31, 2006

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
Telephone System	\$ 4,057	\$ 4,057
Sheriff Vehicles	7,744	7,744
Bonds payable:		
General obligation bonds:		
Judicial Center	1,530,000	135,000
Total governmental activities long-term debt	\$ 1,541,801	\$ 146,801

WABASH COUNTY  
OTHER REPORTS

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

County Auditor  
County Treasurer

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: www.in.gov/sboa

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

TO: THE OFFICIALS OF WABASH COUNTY, INDIANA

Compliance

We have audited the compliance of Wabash 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 its major federal program for the year ended December 31, 2006. The Town's major federal program is 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 its major federal program is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

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

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

A control deficiency in a County's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

The County's response to the finding identified in our audit is described in the accompanying Corrective Action Plan section of the report. We did not audit the County's response and, accordingly, we express no opinion on it.

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

STATE BOARD OF ACCOUNTS

September 26, 2007

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

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 JUSTICE</u>			
Pass-Through Indiana Criminal Justice Institute Crime Victim Assistance	16.575		\$ 30,955
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Criminal Justice Institute Highway Safety Cluster Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601		4,597
Pass-Through Indiana Department of Transportation Formula Grants for Other Than Urbanized Areas	20.509		106,093
Total for federal grantor agency			110,690
<u>GENERAL SERVICES ADMINISTRATION</u>			
Pass-Through Indiana Secretary of State Election Reform Payments	39.011		15,106
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through Indiana State Department of Health Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283		
		BPRS-04-A2	2,855
		BPRS-184-1	2,855
		BPRS-184-2	34,953
Total for program			40,663
Pass-Through Indiana Department of Child Services Child Support Enforcement	93.563		
County Prosecutor's Expenditures			91,202
Collection Incentives			55,035
Indirect Cost			21,004
County Clerk's Expenditures			7,444
Total for program			174,685
Total for federal grantor agency			215,348
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security State Domestic Preparedness Equipment Support Program	97.004		48,367
Emergency Management Performance Grants	97.042		9,993
Homeland Security Grant Program	97.067		68,239
State Homeland Security Program (SHSP)	97.073		11,250
Law Enforcement Terrorism Prevention Program (LETPP)	97.074		40,068
Total for federal grantor agency			177,917
Total federal awards expended			\$ 550,016

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

WABASH COUNTY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

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

II. Subrecipients

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

Program Title	Federal CFDA Number	2006
Formula Grants for Other Than Urbanized Areas	20.509	\$ <u>106,093</u>

WABASH COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Qualified

Internal control over financial reporting:

Material weaknesses identified?	yes
Significant deficiency identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted?	no
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Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiency identified that are not considered to be material weaknesses?	none reported

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

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

CFDA Number	Name of Federal Program or Cluster
93.563	Child Support Enforcement

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

Auditee qualified as low-risk auditee?	yes
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WABASH COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Section II – Financial Statement Findings

FINDING 2006-1, ANNUAL REPORT

Wabash County changed computer systems on May 1, 2006. The detail of receipts and disbursements by fund for the first four months are on the old system and the detail of receipts and disbursements by fund for the last eight months are on the new system. This requires a combination of both systems to prepare an annual report.

The County Annual Report (CAR-1) for 2006 has not been completed or filed with the State Examiner as of September 26, 2007.

The completion of the County Annual Report is a part of the financial reporting process that is an integral part of a governmental unit's internal control system. Indiana Code 5-11-1-4 (a) concerning annual reports, states in part: ". . . these reports shall be prepared, verified, and filed with the state examiner within thirty (30) days after the close of each fiscal year."

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

We recommended the County Auditor prepare an Annual Report.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

WABASH COUNTY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

**WABASH COUNTY AUDITOR**

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**Jane Harper Ridgeway**

One West Hill Street

Wabash, IN 46992

Phone: (260) 563-0661 Ext. 222 Fax : (260) 563-3451 E-mail: auditor@wabashcounty.IN.gov

September 26, 2007

State Board of Accounts

302 Washington St., Room E418

Indianapolis, IN 46204-2765

**FINDING No. 2006-1 ANNUAL REPORT**

**CORRECTIVE ACTION PLANNED:**

Corrective action has been taken to ensure that Wabash County is in compliance with the applicable laws of the State of Indiana. The Annual Report for 2006 was completed and provided during this audit, it has now been mailed to the State Examiner. The conversion of the Financial records system is now complete and personnel are more trained and experienced in reconciling monthly which should allow all future Annual Reports to be prepared and filed in a timely manner.

Respectfully,

Signed: Jane C. Ridgeway  
Title: Wabash County Auditor  
Date: 9-26-07

Signed Pat J. [Signature]  
Title: Chairman of Commission  
Date: 9-26-07

WABASH COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on September 26, 2007, with Jane E. Ridgeway, Auditor; and Lester D. Templin, President of the Board of County Commissioners.