

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

ANNUAL FINANCIAL REPORT

2006

ST. JOSEPH COUNTY, INDIANA



**FILED**

11/28/2007



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards .....	3-4
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 .....	5-6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets – Cash and Investment Basis .....	7
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds .....	8
Proprietary Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Proprietary Funds .....	9
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Funds .....	10
Notes to Financial Statements .....	11-23
Required Supplementary Information:	
Schedules of Funding Progress .....	24
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds .....	25-33
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Internal Service Funds .....	34
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Pension Trust Funds .....	35
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Agency Funds .....	36-42
Schedule of Capital Assets .....	43
Schedule of Long-Term Debt .....	44
Other Reports .....	45
Supplemental Audit of Federal Awards:	
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 .....	48-49
Schedule of Expenditures of Federal Awards .....	50-51
Notes to Schedule of Expenditures of Federal Awards .....	52
Schedule of Findings and Questioned Costs .....	53-54
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings .....	55
Corrective Action Plan .....	56-57
Exit Conference .....	58

### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Michael C. Eby	01-01-04 to 12-31-07
Treasurer	Sean J. Coleman	01-01-05 to 12-31-08
Clerk	Rita L. Glenn	01-01-03 to 12-31-10
Sheriff	Frank Canarecci	01-01-03 to 12-31-10
Recorder	Teri J. Rethlake	01-01-05 to 12-31-08
President of the Board of County Commissioners	Cynthia A. Bodle Steven Ross	01-01-06 to 12-31-06 01-01-07 to 12-31-07
President of the County Council	Rafael Morton	01-01-06 to 12-31-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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**INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

TO: THE OFFICIALS OF ST. JOSEPH COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of St. Joseph 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.

We were unable to audit the trust payable amount for the Office of the Clerk of the Circuit Court at December 31, 2006, because detailed information from the Clerk's trust register was not available or reconciled to the Clerk's cash book totals. This amount is \$9,486,068 of the total agency fund's cash and investment balances at December 31, 2006. We were unable to apply alternative procedures to satisfy ourselves of the amounts of this payable.

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 component units of the County which should have been included to fairly present the financial position of the County.

In our opinion, except for the effects of such adjustments as might have been determined to be necessary had we been able to verify the trust items for the Office of the Clerk of Circuit Court; and 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.

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

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.

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 County has not presented Management's Discussion and Analysis or the 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

October 23, 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 ST. JOSEPH COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of St. Joseph 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 October 23, 2007. The opinion to the financial statements was qualified because we were unable to verify the trust payable for the Office of Clerk of the Circuit Court and due to an omission of component units. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 items 2006-1 and 2006-2.

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

STATE BOARD OF ACCOUNTS

October 23, 2007

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

Functions/Programs	Disbursements	Program Receipts			Net (Disbursement) Receipt and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 43,384,701	\$ 4,744,274	\$ 1,895,708	\$ -	\$ (36,744,719)
Public safety	35,536,352	4,924,563	4,989,667	-	(25,622,122)
Highways and streets	7,274,828	-	6,621,943	22,479,118	21,826,233
Health and welfare	42,059,952	3,977,857	9,743,834	-	(28,338,261)
Economic development	6	507,034	-	-	507,028
Culture and recreation	5,423,020	372,422	-	-	(5,050,598)
Debt service	11,035,706	-	-	-	(11,035,706)
Capital outlay	17,463,511	-	-	-	(17,463,511)
<b>Total primary government</b>	<b><u>\$ 162,178,076</u></b>	<b><u>\$ 14,526,150</u></b>	<b><u>\$ 23,251,152</u></b>	<b><u>\$ 22,479,118</u></b>	<b><u>(101,921,656)</u></b>
General receipts:					
Property taxes					78,697,635
CEDIT					10,610,460
COIT					7,785,190
Intergovernmental revenue:					
Excise taxes					9,282,715
Gaming taxes					647,007
Financial institution taxes					77,047
Inheritance taxes					787,082
Other					13,082,053
Unrestricted investment earnings					<u>5,093,835</u>
<b>Total general receipts</b>					<b><u>126,063,024</u></b>
<b>Change in net assets</b>					<b>24,141,368</b>
<b>Net assets - beginning</b>					<b><u>47,765,067</u></b>
<b>Net assets - ending</b>					<b><u>\$ 71,906,435</u></b>
<b><u>Assets</u></b>					
Cash and investments					\$ 27,186,860
Restricted assets:					
Cash and investments					<u>44,719,575</u>
<b>Total assets</b>					<b><u>\$ 71,906,435</u></b>
<b><u>Net Assets</u></b>					
Restricted for:					
Debt service					\$ 529,361
Capital projects					36,155,986
Other purposes					8,034,228
Unrestricted					<u>27,186,860</u>
<b>Total net assets</b>					<b><u>\$ 71,906,435</u></b>

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

ST. JOSEPH 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	Family and Children Services	Local Major Moves Construction	Other Governmental Funds	Totals
<b>Receipts:</b>					
Taxes	\$ 25,893,464	\$ 37,706,177	\$ -	\$ 26,023,767	\$ 89,623,408
Licenses and permits	66,071	-	-	1,279,508	1,345,579
Intergovernmental	16,845,564	10,320,116	20,639,349	20,028,383	67,833,412
Charges for services	6,213,106	-	-	5,769,619	11,982,725
Fines and forfeits	95,078	-	-	796,093	891,171
Other	10,892,799	441,769	148,125	2,855,387	14,338,080
<b>Total receipts</b>	<b>60,006,082</b>	<b>48,468,062</b>	<b>20,787,474</b>	<b>56,752,757</b>	<b>186,014,375</b>
<b>Disbursements:</b>					
General government	37,242,260	-	-	2,949,709	40,191,969
Public safety	30,261,862	-	-	5,274,490	35,536,352
Highways and streets	-	-	-	7,274,828	7,274,828
Health and welfare	-	36,785,492	-	5,274,460	42,059,952
Culture and recreation	94,501	-	-	3,507,660	3,602,161
Urban redevelopment and housing	-	-	-	1,820,865	1,820,865
Debt service:					
Principal	-	-	-	7,535,000	7,535,000
Interest	-	-	-	3,501,050	3,501,050
Capital outlay	-	-	-	17,463,511	17,463,511
<b>Total disbursements</b>	<b>67,598,623</b>	<b>36,785,492</b>	<b>-</b>	<b>54,601,573</b>	<b>158,985,688</b>
Excess (deficiency) of receipts over disbursements	(7,592,541)	11,682,570	20,787,474	2,151,184	27,028,687
<b>Other financing sources (uses):</b>					
Transfers in	1,879,014	-	-	1,172,606	3,051,620
Transfers out	-	-	-	(3,051,620)	(3,051,620)
<b>Total other financing sources (uses)</b>	<b>1,879,014</b>	<b>-</b>	<b>-</b>	<b>(1,879,014)</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,713,527)	11,682,570	20,787,474	272,170	27,028,687
Cash and investment fund balance - beginning	6,323,168	11,433,274	-	40,958,368	58,714,810
Cash and investment fund balance - ending	<u>\$ 609,641</u>	<u>\$ 23,115,844</u>	<u>\$ 20,787,474</u>	<u>\$ 41,230,538</u>	<u>85,743,497</u>
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because:					
Internal services funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.					
					<u>(13,837,062)</u>
Net assets of governmental activities					<u>\$ 71,906,435</u>
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ 609,641	\$ 23,115,844	\$ -	\$ 17,298,437	\$ 41,023,922
Restricted assets:					
Cash and investments	-	-	20,787,474	23,932,101	44,719,575
<b>Total cash and investment assets - December 31</b>	<u>\$ 609,641</u>	<u>\$ 23,115,844</u>	<u>\$ 20,787,474</u>	<u>\$ 41,230,538</u>	<u>\$ 85,743,497</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ 529,361	\$ 529,361
Capital projects	-	-	20,787,474	15,368,512	36,155,986
Other purposes	-	-	-	8,034,228	8,034,228
Unrestricted	609,641	23,115,844	-	17,298,437	41,023,922
<b>Total cash and investment fund balance - December 31</b>	<u>\$ 609,641</u>	<u>\$ 23,115,844</u>	<u>\$ 20,787,474</u>	<u>\$ 41,230,538</u>	<u>\$ 85,743,497</u>

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

ST. JOSEPH COUNTY  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
As of and for the Year Ended December 31, 2006

	<u>Internal Service Funds</u>
Operating receipts:	
Insurance proceeds	\$ 48,167
Employee/employer contributions	7,989,942
Other	<u>257,246</u>
Total operating receipts	<u>8,295,355</u>
Operating disbursements:	
Insurance disbursements	<u>11,182,674</u>
Deficiency of operating receipts over operating disbursements	<u>(2,887,319)</u>
Cash and investment fund balance - beginning	<u>(10,949,743)</u>
Cash and investment fund balance - ending	<u>\$ (13,837,062)</u>
<u>Cash and Investment Assets - December 31</u>	
Cash and investments	<u>\$ (13,837,062)</u>
<u>Cash and Investment Fund Balance - December 31</u>	
Unrestricted	<u>\$ (13,837,062)</u>

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

ST. JOSEPH 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 Fund</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Employer	\$ 929,705	\$ -	\$ -
Investment earnings:			
Net increase in fair value of investments	6,015,443	-	-
Interest	<u>839,261</u>	<u>-</u>	<u>-</u>
Total investment earnings	6,854,704	-	-
Less investment disbursements	<u>(121,593)</u>	<u>-</u>	<u>-</u>
Net investment earnings	<u>6,733,111</u>	<u>-</u>	<u>-</u>
Agency fund additions	<u>-</u>	<u>-</u>	<u>635,794,637</u>
Total additions	<u>7,662,816</u>	<u>-</u>	<u>635,794,637</u>
Deductions:			
Benefits	1,320,428	-	-
Refunds of contributions	49,356	-	-
Administrative and general	6,972	-	-
Agency fund deductions	<u>-</u>	<u>-</u>	<u>636,203,392</u>
Total deductions	<u>1,376,756</u>	<u>-</u>	<u>636,203,392</u>
Excess of total additions over total deductions	6,286,060	-	(408,755)
Cash and investment fund balance - beginning	<u>26,863,045</u>	<u>37,665</u>	<u>24,159,065</u>
Cash and investment fund balance - ending	<u>\$ 33,149,105</u>	<u>\$ 37,665</u>	<u>\$ 23,750,310</u>

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

ST. JOSEPH 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 following:

Primary Government:	St. Joseph County
Component Units:	St. Joseph County Solid Waste Management District St. Joseph County Airport Authority

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

The St. Joseph County Solid Waste Management District and the St. Joseph County Airport Authority, 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. The individual financial statements for the St. Joseph County Solid Waste Management District can be obtained at 621 East Jefferson, South Bend, Indiana, 46601. The individual financial statements for the St. Joseph County Airport Authority can be obtained at 4477 Progress Drive, South Bend, Indiana, 46628.

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 nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The County has no business-type activities.

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.

ST. JOSEPH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The family and children services fund accounts for expenditures related to care of wards of the State, child welfare services, and adoption services. Financing is provided by a specific property tax levy and state distributions.

The local major moves construction fund accounts the County's share of the proceeds received by the State of Indiana from the lease of the Indiana Toll Road. There have been no expenditures to date from this fund.

Additionally, the County reports the following fund types:

The internal service funds account for employee medical insurance and for general liability insurance provided to other departments on a cost-reimbursement basis.

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

The private-purpose trust fund, congressional principal, 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 individuals, for the State, and for other governments.

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.

ST. JOSEPH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Capital Assets

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

3. Long-Term Debt

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

4. Equity Classification

Government-Wide Statements

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

a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

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

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

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

ST. JOSEPH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
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

ST. JOSEPH COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

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:

Fund	2006
General Drain Improvement	\$ 9,726
Group Insurance	12,052,239
Liability Reserve	1,784,823

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

A. Deposits and Investments

1. Deposits

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

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. The Sheriff's Merit Board has 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:

ST. JOSEPH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Investment Type	Sheriff's Retirement and Benefit Pension Plans
Mutual funds	<u>\$ 34,371,606</u>

Investment Policies

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

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

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

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

Investment Custodial Credit Risk

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

ST. JOSEPH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The Sheriff's Merit Board has not adopted an investment policy for custodial credit risk for investments. At December 31, 2006, the Sheriff's Retirement and Benefit Pension Plans held investments in mutual funds in the amount of \$34,371,606. Of these investments \$34,371,606 are held by the investment's counterparty, 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.

Sheriff's Retirement and Benefit Pension Plans:

Investment Type	Investment Maturities (in Years)		
	Less Than 1	1-2	More Than 2
Mutual funds	\$ 34,371,606	\$ -	\$ -

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	Moody's Rating	Mutual Funds
Unrated	Unrated	\$ 34,371,606

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 invested in the following:

ST. JOSEPH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Investment	Market Value at December 31, 2006
Ishares Trust Dow Jones/Select Div Index	\$ 3,420,574
Ishares Goldman Sachs Corp Bd Fund	3,400,105
Ishares Lehman 7-10 Yr Treasury	7,825,010
Ishares S & P Europe 350 Index	2,622,885
Ishares Russell 1000 Value Fund	5,186,087
Ishares Moringstar Midcore Index	1,748,800

Foreign Currency Risk

The County does not have a formal policy in regards to foreign currency risk.

The Sheriff's Merit Board has not adopted a formal policy in regards to foreign currency risk.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2006, were as follows:

Transfer From	Transfer To	2006
Other governmental	General Fund	\$ 1,879,014
Other governmental	Other governmental	<u>1,172,606</u>
Total		<u>\$ 3,051,620</u>

The County typically uses transfers for cash flow purposes as provided by various statutory provisions.

IV. Other Information

A. Risk Management

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

The risks of theft of, damage to, and destruction of assets 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.

ST. JOSEPH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Liability (Torts) Insurance

The County has chosen to establish a risk financing fund for risks associated with general liability. The risk financing fund is accounted for in the Liability Reserve Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$500,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. In addition to the interfund premiums paid by each fund, the County General Fund made additional transfers during 2006 in an effort to slow the growth of this fund's negative cash balance.

Job Related Illnesses or Injuries to Employees

The County has chosen to establish a risk financing fund for risks associated with workmen's compensation. This risk financing fund is accounted for in the Group Insurance Fund, an internal service fund, where assets are set aside for claim settlements. A premium is charged to each fund based on the number of employees and the type of coverage.

Medical Benefits to Employees, Retirees, and Dependents

The County has chosen to establish a risk financing fund for risks associated with medical benefits to employees, their dependents, and qualified retirees. This risk financing fund is accounted for in the Group Insurance Fund, an internal service fund, where assets are set aside for claim settlements. A premium is charged to each fund based on the number of employees and the type of coverage.

B. Holding Corporation

The County has entered into a capital lease with the St. Joseph County Jail Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the County. The lessor has been determined to be a related party of the County. Lease payments during the year totaled \$3,684,000.

C. Subsequent Event

On February 20, 2007, the County Council approved Ordinance 16-07 authorizing the issuance of \$3,250,000 of General Obligation Bonds to provide funds for the payment of a judgment issued in a lawsuit between the County and Madison Center, Inc. These bonds are to be repaid by December 31, 2010.

D. Conduit Debt Obligation

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

ST. JOSEPH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

As of December 31, 2004, there were 14 series of industrial revolving bonds outstanding with an aggregate principal amount payable of \$238,665,000. The amount of bonds outstanding at December 31, 2006, was not available.

E. Postemployment Benefits

In addition to the pension benefits described below, the County provides postemployment medical benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the County that are eligible for retirement benefits under either the police retirement plan or PERF. Currently, 128 retirees meet these eligibility requirements. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended December 31, 2006, disbursements of \$504,886 were recognized for postemployment benefits.

F. 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.

G. Pension Plans

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

1. Public Employees' Retirement Fund

Plan Description

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

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

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

ST. JOSEPH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Funding Policy and Annual Pension Cost

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

2. County Police Retirement Plan

Plan Description

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

Funding Policy and Annual Pension Cost

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

3. County Police Benefit Plan

Plan Description

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

Funding Policy and Annual Pension Cost

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

ST. JOSEPH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Actuarial Information for the Above Plans

	<u>PERF</u>	<u>County Police Retirement Plan</u>	<u>County Police Benefit Plan</u>
Annual required contribution	\$ 1,136,973	\$ 1,777,227	\$ 68,764
Interest on net pension obligation	(180,091)	15,963	-
Adjustment to annual required contribution	<u>205,227</u>	<u>(42,075)</u>	<u>-</u>
Annual pension cost	1,162,109	1,751,115	68,764
Contributions made	<u>1,159,686</u>	<u>1,782,139</u>	<u>68,764</u>
Increase (decrease) in net pension obligation	2,423	(31,024)	-
Net pension obligation, beginning of year	<u>(2,484,008)</u>	<u>228,049</u>	<u>-</u>
Net pension obligation, end of year	<u>\$ (2,481,585)</u>	<u>\$ 197,025</u>	<u>\$ -</u>

	<u>PERF</u>	<u>County Police Retirement Plan</u>	<u>County Police Benefit Plan</u>
Contribution rates:			
County	3.75%	27%	1.3%
Plan members	3%	6%	6%
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	75% of expected actuarial value plus 25% of market value	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%

ST. JOSEPH COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Three Year Trend Information

	<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PERF	06-30-04	\$ 875,880	146%	\$ (2,251,223)
	06-30-05	1,067,610	122%	(2,484,008)
	06-30-06	1,162,109	109%	(2,481,585)
County Police Retirement Plan	12-31-04	1,172,826	111.9%	215,952
	12-31-05	1,442,233	97.8%	228,049
	12-31-06	1,777,227	100.3%	197,025
County Police Benefit Plan	12-31-04	68,997	100%	-
	12-31-05	74,915	100%	-
	12-31-06	68,764	100%	-

ST. JOSEPH COUNTY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 22,213,337	\$ 19,979,729	\$ 2,233,608	111%	\$ 26,789,597	8%
07-01-05	26,489,421	23,646,343	2,843,078	112%	28,912,672	10%
07-01-06	29,501,177	25,914,816	3,586,361	114%	29,852,133	12%

County Police Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-01	\$ 28,979,658	\$ 28,979,658	\$ -	100%	\$ 4,528,957	0%
01-01-02	28,622,727	28,622,727	-	100%	4,778,887	0%
01-01-03	27,795,463	29,559,036	(1,763,573)	94%	5,113,600	(34%)
01-01-04	27,710,286	29,927,910	(2,217,624)	93%	5,159,763	(43%)
01-01-05	28,354,546	33,096,347	(4,741,801)	86%	5,233,150	(91%)
01-01-06	30,621,155	34,947,720	(4,326,565)	88%	5,809,211	(74%)
01-01-07	33,406,053	37,658,777	(4,252,724)	89%	5,546,731	(77%)

ST. JOSEPH 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

	County Highway	Local Road and Street	Service of Process	County Health	Property Reassessment	Supplemental Juvenile Probation Services	Supplemental Adult Probation Services	Accident Report
<b>Receipts:</b>								
Taxes	\$ -	\$ -	\$ -	\$ 1,040,719	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	1,257,573	-	-	-	-
Intergovernmental	6,514,126	1,673,168	-	326,638	-	-	-	-
Charges for services	-	-	112,929	-	-	159,529	96,224	9,332
Fines and forfeitures	-	-	-	-	-	-	-	-
Other	556,281	113,484	-	46,577	-	550	-	-
<b>Total receipts</b>	<b>7,070,407</b>	<b>1,786,652</b>	<b>112,929</b>	<b>2,671,507</b>	<b>-</b>	<b>160,079</b>	<b>96,224</b>	<b>9,332</b>
<b>Disbursements:</b>								
General government	-	-	-	-	3,800	-	-	-
Public safety	-	-	128,757	-	-	248,327	4,988	5,157
Highways and streets	5,573,948	1,299,512	-	-	-	-	-	-
Health and welfare	-	-	-	2,585,662	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>5,573,948</b>	<b>1,299,512</b>	<b>128,757</b>	<b>2,585,662</b>	<b>3,800</b>	<b>248,327</b>	<b>4,988</b>	<b>5,157</b>
Excess (deficiency) of receipts over disbursements	1,496,459	487,140	(15,828)	85,845	(3,800)	(88,248)	91,236	4,175
<b>Other financing sources (uses):</b>								
Transfers in	-	-	-	-	3,799	-	-	-
Transfers out	-	-	-	-	-	-	(100,000)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,799</b>	<b>-</b>	<b>(100,000)</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,496,459	487,140	(15,828)	85,845	(1)	(88,248)	(8,764)	4,175
Cash and investment fund balance - beginning	406,653	972,085	15,828	1,147,844	1	587,529	305,833	2,652
Cash and investment fund balance - ending	\$ 1,903,112	\$ 1,459,225	\$ -	\$ 1,233,689	\$ -	\$ 499,281	\$ 297,069	\$ 6,827
<b>Cash and Investment Assets - December 31</b>								
Cash and investments	\$ -	\$ -	\$ -	\$ 1,233,689	\$ -	\$ 499,281	\$ -	\$ 6,827
Restricted assets:								
Cash and investments	1,903,112	1,459,225	-	-	-	-	297,069	-
<b>Total cash and investment assets - December 31</b>	<b>\$ 1,903,112</b>	<b>\$ 1,459,225</b>	<b>\$ -</b>	<b>\$ 1,233,689</b>	<b>\$ -</b>	<b>\$ 499,281</b>	<b>\$ 297,069</b>	<b>\$ 6,827</b>
<b>Cash and Investment Fund Balance - December 31</b>								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital projects	-	-	-	-	-	-	-	-
Other purposes	1,903,112	1,459,225	-	-	-	-	297,069	-
Unrestricted	-	-	-	1,233,689	-	499,281	-	6,827
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 1,903,112</b>	<b>\$ 1,459,225</b>	<b>\$ -</b>	<b>\$ 1,233,689</b>	<b>\$ -</b>	<b>\$ 499,281</b>	<b>\$ 297,069</b>	<b>\$ 6,827</b>

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

	County Surveyor's Corner Perpetuation	Firearm's Training	Recorder's Records Perpetuation	Drainage Maintenance	County User Fee	County Law Enforcement Continuing Education	Parks and Recreation	Special Gifts
<b>Receipts:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,335,971	\$ -
Licenses and permits	-	21,935	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	308,701	-
Charges for services	70,080	-	293,423	876,244	395,338	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Other	150	-	-	-	-	4,290	12,965	68,655
<b>Total receipts</b>	<b>70,230</b>	<b>21,935</b>	<b>293,423</b>	<b>876,244</b>	<b>395,338</b>	<b>4,290</b>	<b>1,657,637</b>	<b>68,655</b>
<b>Disbursements:</b>								
General government	118,928	-	152,951	-	47,850	-	-	4,072
Public safety	-	15,360	-	-	-	3,486	-	-
Highways and streets	-	-	-	401,368	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	1,820,859	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>118,928</b>	<b>15,360</b>	<b>152,951</b>	<b>401,368</b>	<b>47,850</b>	<b>3,486</b>	<b>1,820,859</b>	<b>4,072</b>
Excess (deficiency) of receipts over disbursements	(48,698)	6,575	140,472	474,876	347,488	804	(163,222)	64,583
<b>Other financing sources (uses):</b>								
Transfers in	-	4,290	-	-	-	5,337	-	-
Transfers out	-	-	(25,000)	(117,478)	(647,355)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>4,290</b>	<b>(25,000)</b>	<b>(117,478)</b>	<b>(647,355)</b>	<b>5,337</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(48,698)	10,865	115,472	357,398	(299,867)	6,141	(163,222)	64,583
Cash and investment fund balance - beginning	178,652	11,262	581,269	1,000,474	1,620,465	469	321,857	8,589
Cash and investment fund balance - ending	\$ 129,954	\$ 22,127	\$ 696,741	\$ 1,357,872	\$ 1,320,598	\$ 6,610	\$ 158,635	\$ 73,172
<b>Cash and Investment Assets - December 31</b>								
Cash and investments	\$ 129,954	\$ 22,127	\$ 696,741	\$ 1,357,872	\$ -	\$ -	\$ 158,635	\$ 73,172
Restricted assets:								
Cash and investments	-	-	-	-	1,320,598	6,610	-	-
<b>Total cash and investment assets - December 31</b>	<b>\$ 129,954</b>	<b>\$ 22,127</b>	<b>\$ 696,741</b>	<b>\$ 1,357,872</b>	<b>\$ 1,320,598</b>	<b>\$ 6,610</b>	<b>\$ 158,635</b>	<b>\$ 73,172</b>
<b>Cash and Investment Fund Balance - December 31</b>								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital projects	-	-	-	-	-	-	-	-
Other purposes	-	-	-	-	1,320,598	6,610	-	-
Unrestricted	129,954	22,127	696,741	1,357,872	-	-	158,635	73,172
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 129,954</b>	<b>\$ 22,127</b>	<b>\$ 696,741</b>	<b>\$ 1,357,872</b>	<b>\$ 1,320,598</b>	<b>\$ 6,610</b>	<b>\$ 158,635</b>	<b>\$ 73,172</b>

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

	Community Development Grant	Portage Manor General	Parks and Recreation Nonreverting	Healthwin Special Gifts	County Poor Relief	Rainy Day Fund	Convention Exhibition Center	Portage Manor Farm Operation
<b>Receipts:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	3,344,234	-
Charges for services	-	1,844,040	192,422	-	-	-	-	3,500
Fines and forfeitures	-	-	-	-	-	-	-	-
Other	-	173,014	570	-	-	-	73,421	-
<b>Total receipts</b>	<b>-</b>	<b>2,017,054</b>	<b>192,992</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,417,655</b>	<b>3,500</b>
<b>Disbursements:</b>								
General government	-	-	-	-	-	102,963	-	-
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Health and welfare	-	1,908,459	-	-	-	-	-	1,967
Culture and recreation	-	-	196,109	-	-	-	3,311,551	-
Urban redevelopment and housing	6	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>6</b>	<b>1,908,459</b>	<b>196,109</b>	<b>-</b>	<b>-</b>	<b>102,963</b>	<b>3,311,551</b>	<b>1,967</b>
Excess (deficiency) of receipts over disbursements	(6)	108,595	(3,117)	-	-	(102,963)	106,104	1,533
<b>Other financing sources (uses):</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</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	(6)	108,595	(3,117)	-	-	(102,963)	106,104	1,533
Cash and investment fund balance - beginning	14,271	1,922,052	214,914	2,212	198,165	1,566,278	1,369,996	10,626
Cash and investment fund balance - ending	\$ 14,265	\$ 2,030,647	\$ 211,797	\$ 2,212	\$ 198,165	\$ 1,463,315	\$ 1,476,100	\$ 12,159
<b>Cash and Investment Assets - December 31</b>								
Cash and investments	\$ -	\$ 2,030,647	\$ 211,797	\$ 2,212	\$ 198,165	\$ 1,463,315	\$ 1,476,100	\$ 12,159
Restricted assets:								
Cash and investments	14,265	-	-	-	-	-	-	-
<b>Total cash and investment assets - December 31</b>	<b>\$ 14,265</b>	<b>\$ 2,030,647</b>	<b>\$ 211,797</b>	<b>\$ 2,212</b>	<b>\$ 198,165</b>	<b>\$ 1,463,315</b>	<b>\$ 1,476,100</b>	<b>\$ 12,159</b>
<b>Cash and Investment Fund Balance - December 31</b>								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital projects	-	-	-	-	-	-	-	-
Other purposes	14,265	-	-	-	-	-	-	-
Unrestricted	-	2,030,647	211,797	2,212	198,165	1,463,315	1,476,100	12,159
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 14,265</b>	<b>\$ 2,030,647</b>	<b>\$ 211,797</b>	<b>\$ 2,212</b>	<b>\$ 198,165</b>	<b>\$ 1,463,315</b>	<b>\$ 1,476,100</b>	<b>\$ 12,159</b>

ST. JOSEPH 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 Testing	Small Town Survey	Plat Book Maintenance	Adult Probation Drug Testing	Supplemental Public Defender Services	Emergency Management Grants	Local Emergency Planning	County Drug Fee Community
<b>Receipts:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	54,870	13,741	-
Charges for services	-	-	28,214	-	43,377	-	-	-
Fines and forfeitures	108,357	-	-	-	-	-	-	160,885
Other	-	-	172	-	-	-	11	-
<b>Total receipts</b>	<b>108,357</b>	<b>-</b>	<b>28,386</b>	<b>-</b>	<b>43,377</b>	<b>54,870</b>	<b>13,752</b>	<b>160,885</b>
<b>Disbursements:</b>								
General government	-	-	1,139	-	1,749	-	-	-
Public safety	71,230	-	-	-	-	964,032	34,707	169,600
Highways and streets	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>71,230</b>	<b>-</b>	<b>1,139</b>	<b>-</b>	<b>1,749</b>	<b>964,032</b>	<b>34,707</b>	<b>169,600</b>
Excess (deficiency) of receipts over disbursements	37,127	-	27,247	-	41,628	(909,162)	(20,955)	(8,715)
<b>Other financing sources (uses):</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	(48,000)	-	-	-	-	(178,779)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(48,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(178,779)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	37,127	-	(20,753)	-	41,628	(909,162)	(20,955)	(187,494)
Cash and investment fund balance - beginning	29,489	1,034	91,434	12,844	204,748	560,282	56,621	222,723
Cash and investment fund balance - ending	\$ 66,616	\$ 1,034	\$ 70,681	\$ 12,844	\$ 246,376	\$ (348,880)	\$ 35,666	\$ 35,229
<b>Cash and Investment Assets - December 31</b>								
Cash and investments	\$ 66,616	\$ 1,034	\$ 70,681	\$ 12,844	\$ 246,376	\$ (348,880)	\$ 35,666	\$ 35,229
Restricted assets:								
Cash and investments	-	-	-	-	-	-	-	-
<b>Total cash and investment assets - December 31</b>	<b>\$ 66,616</b>	<b>\$ 1,034</b>	<b>\$ 70,681</b>	<b>\$ 12,844</b>	<b>\$ 246,376</b>	<b>\$ (348,880)</b>	<b>\$ 35,666</b>	<b>\$ 35,229</b>
<b>Cash and Investment Fund Balance - December 31</b>								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital projects	-	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-	-
Unrestricted	66,616	1,034	70,681	12,844	246,376	(348,880)	35,666	35,229
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 66,616</b>	<b>\$ 1,034</b>	<b>\$ 70,681</b>	<b>\$ 12,844</b>	<b>\$ 246,376</b>	<b>\$ (348,880)</b>	<b>\$ 35,666</b>	<b>\$ 35,229</b>

ST. JOSEPH 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)

	Sheriff Drug Enforcement	Prosecutor Drug Enforcement	Emergency Telephone System	GAL/CASA Fund	Clerk's Record Perpetuation	Health Grants	Community Based Corrections	Federal Drug Enforcement
<b>Receipts:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	2,038	-	575,182	-	-	286,297	1,017,131	-
Charges for services	2,104	-	1,038,019	100	78,115	-	-	-
Fines and forfeitures	-	-	-	-	-	-	508,991	-
Other	2,399	-	-	-	170	17,689	229	10,400
<b>Total receipts</b>	<b>6,541</b>	<b>-</b>	<b>1,613,201</b>	<b>100</b>	<b>78,285</b>	<b>303,986</b>	<b>1,526,351</b>	<b>10,400</b>
<b>Disbursements:</b>								
General government	-	-	-	-	12,008	-	-	-
Public safety	5,648	-	1,444,496	-	-	-	1,464,664	46,900
Highways and streets	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	277,936	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>5,648</b>	<b>-</b>	<b>1,444,496</b>	<b>-</b>	<b>12,008</b>	<b>277,936</b>	<b>1,464,664</b>	<b>46,900</b>
Excess (deficiency) of receipts over disbursements	893	-	168,705	100	66,277	26,050	61,687	(36,500)
<b>Other financing sources (uses):</b>								
Transfers in	-	-	8,580	-	-	-	29,571	40,000
Transfers out	-	-	-	-	(2,807)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>8,580</b>	<b>-</b>	<b>(2,807)</b>	<b>-</b>	<b>29,571</b>	<b>40,000</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	893	-	177,285	100	63,470	26,050	91,258	3,500
Cash and investment fund balance - beginning	4,388	11,482	1,525,124	-	43,256	67,338	1,080,217	14,011
Cash and investment fund balance - ending	\$ 5,281	\$ 11,482	\$ 1,702,409	\$ 100	\$ 106,726	\$ 93,388	\$ 1,171,475	\$ 17,511
<b>Cash and Investment Assets - December 31</b>								
Cash and investments	\$ 5,281	\$ 11,482	\$ -	\$ 100	\$ 106,726	\$ -	\$ 1,171,475	\$ 17,511
Restricted assets:								
Cash and investments	-	-	1,702,409	-	-	93,388	-	-
<b>Total cash and investment assets - December 31</b>	<b>\$ 5,281</b>	<b>\$ 11,482</b>	<b>\$ 1,702,409</b>	<b>\$ 100</b>	<b>\$ 106,726</b>	<b>\$ 93,388</b>	<b>\$ 1,171,475</b>	<b>\$ 17,511</b>
<b>Cash and Investment Fund Balance - December 31</b>								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital projects	-	-	-	-	-	-	-	-
Other purposes	-	-	1,702,409	-	-	93,388	-	-
Unrestricted	5,281	11,482	-	100	106,726	-	1,171,475	17,511
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 5,281</b>	<b>\$ 11,482</b>	<b>\$ 1,702,409</b>	<b>\$ 100</b>	<b>\$ 106,726</b>	<b>\$ 93,388</b>	<b>\$ 1,171,475</b>	<b>\$ 17,511</b>

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

	County Correction	Community Transition Program Fund	Federal Grant Fund	Enhanced Access Fee	Special Vehicle Inspection	Campaign Finance	Adult Probation Administrative Fee	2006 Reassessment Fund
<b>Receipts:</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 671,849
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	183,372	130,009	-	-	-	-	-	65,097
Charges for services	-	-	-	41,202	4,565	-	-	-
Fines and forfeitures	-	17,010	-	-	-	-	850	-
Other	-	984	954	-	-	-	-	190,117
<b>Total receipts</b>	<b>183,372</b>	<b>148,003</b>	<b>954</b>	<b>41,202</b>	<b>4,565</b>	<b>-</b>	<b>850</b>	<b>927,063</b>
<b>Disbursements:</b>								
General government	-	-	-	2,471	-	-	-	1,697,425
Public safety	-	117,941	-	-	3,539	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>117,941</b>	<b>-</b>	<b>2,471</b>	<b>3,539</b>	<b>-</b>	<b>-</b>	<b>1,697,425</b>
Excess (deficiency) of receipts over disbursements	183,372	30,062	954	38,731	1,026	-	850	(770,362)
<b>Other financing sources (uses):</b>								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	(984)	-	-	-	-	-	(3,799)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(984)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3,799)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	183,372	29,078	954	38,731	1,026	-	850	(774,161)
Cash and investment fund balance - beginning	-	20,415	36,618	110,089	4,404	25	10,982	3,734,381
Cash and investment fund balance - ending	<u>\$ 183,372</u>	<u>\$ 49,493</u>	<u>\$ 37,572</u>	<u>\$ 148,820</u>	<u>\$ 5,430</u>	<u>\$ 25</u>	<u>\$ 11,832</u>	<u>\$ 2,960,220</u>
<b>Cash and Investment Assets - December 31</b>								
Cash and investments	\$ 183,372	\$ 49,493	\$ -	\$ 148,820	\$ 5,430	\$ 25	\$ -	\$ 2,960,220
Restricted assets:								
Cash and investments	-	-	37,572	-	-	-	11,832	-
<b>Total cash and investment assets - December 31</b>	<b>\$ 183,372</b>	<b>\$ 49,493</b>	<b>\$ 37,572</b>	<b>\$ 148,820</b>	<b>\$ 5,430</b>	<b>\$ 25</b>	<b>\$ 11,832</b>	<b>\$ 2,960,220</b>
<b>Cash and Investment Fund Balance - December 31</b>								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital projects	-	-	-	-	-	-	-	-
Other purposes	-	-	37,572	-	-	-	11,832	-
Unrestricted	183,372	49,493	-	148,820	5,430	25	-	2,960,220
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 183,372</b>	<b>\$ 49,493</b>	<b>\$ 37,572</b>	<b>\$ 148,820</b>	<b>\$ 5,430</b>	<b>\$ 25</b>	<b>\$ 11,832</b>	<b>\$ 2,960,220</b>

ST. JOSEPH 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)

	Forensic Diversion Grant	Children's Psychiatric Residential Treatment	HAVA/ Voting Machines	Family Justice Center Grant	SJC Identity Security Protection	Family Court Grant	Jail Commissary	County Bond and Interest
<b>Receipts:</b>								
Taxes	\$ -	\$ 1,502,475	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,303,988
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	120,471	1,175,072	395,317	-	70,500	-	492,499
Charges for services	-	-	-	-	104,024	-	136,832	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>1,622,946</b>	<b>1,175,072</b>	<b>395,317</b>	<b>104,024</b>	<b>70,500</b>	<b>136,832</b>	<b>5,796,487</b>
<b>Disbursements:</b>								
General government	-	-	793,800	-	-	10,553	-	-
Public safety	-	-	-	395,317	-	-	150,341	-
Highways and streets	-	-	-	-	-	-	-	-
Health and welfare	-	500,436	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	4,580,000
Interest	-	-	-	-	-	-	-	1,835,589
Capital outlay	-	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>500,436</b>	<b>793,800</b>	<b>395,317</b>	<b>-</b>	<b>10,553</b>	<b>150,341</b>	<b>6,415,589</b>
Excess (deficiency) of receipts over disbursements	-	1,122,510	381,272	-	104,024	59,947	(13,509)	(619,102)
<b>Other financing sources (uses):</b>								
Transfers in	-	-	-	-	-	-	-	60,051
Transfers out	(28,587)	(935,280)	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(28,587)</b>	<b>(935,280)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60,051</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(28,587)	187,230	381,272	-	104,024	59,947	(13,509)	(559,051)
Cash and investment fund balance - beginning	28,587	2,536,427	746,928	1	-	-	141,797	709,416
Cash and investment fund balance - ending	\$ -	\$ 2,723,657	\$ 1,128,200	\$ 1	\$ 104,024	\$ 59,947	\$ 128,288	\$ 150,365
<b>Cash and Investment Assets - December 31</b>								
Cash and investments	\$ -	\$ 2,723,657	\$ -	\$ -	\$ 104,024	\$ -	\$ 128,288	\$ -
Restricted assets:								
Cash and investments	-	-	1,128,200	1	-	59,947	-	150,365
<b>Total cash and investment assets - December 31</b>	<b>\$ -</b>	<b>\$ 2,723,657</b>	<b>\$ 1,128,200</b>	<b>\$ 1</b>	<b>\$ 104,024</b>	<b>\$ 59,947</b>	<b>\$ 128,288</b>	<b>\$ 150,365</b>
<b>Cash and Investment Fund Balance - December 31</b>								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 150,365
Capital projects	-	-	-	-	-	-	-	-
Other purposes	-	-	1,128,200	1	-	59,947	-	-
Unrestricted	-	2,723,657	-	-	104,024	-	128,288	-
<b>Total cash and investment fund balance - December 31</b>	<b>\$ -</b>	<b>\$ 2,723,657</b>	<b>\$ 1,128,200</b>	<b>\$ 1</b>	<b>\$ 104,024</b>	<b>\$ 59,947</b>	<b>\$ 128,288</b>	<b>\$ 150,365</b>

ST. JOSEPH 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)

	TIF Refinancing Bonds	Redevelopment Bond 2001 Payment	Cumulative Bridge	General Drain Improvement	Local Highway User Tax	Park Gift and Grant	Major Cumulative Bridge	Park Nonreverting Capital
Receipts:								
Taxes	\$ -	\$ 678,400	\$ 737,914	\$ -	\$ -	\$ -	\$ 1,709,355	\$ -
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	237,686	-	2,585,893	-	167,096	-
Charges for services	-	118,763	-	1,243	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-
Other	4,043	-	678,961	-	-	14,540	180,354	500
<b>Total receipts</b>	<b>4,043</b>	<b>797,163</b>	<b>1,654,561</b>	<b>1,243</b>	<b>2,585,893</b>	<b>14,540</b>	<b>2,056,805</b>	<b>500</b>
Disbursements:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	455,000	-	-	-	-	680,000	-
Interest	344	887,219	-	-	-	-	312,554	-
Capital outlay	-	-	1,369,393	196,715	2,403,586	7,768	1,380,159	-
<b>Total disbursements</b>	<b>344</b>	<b>1,342,219</b>	<b>1,369,393</b>	<b>196,715</b>	<b>2,403,586</b>	<b>7,768</b>	<b>2,372,713</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	3,699	(545,056)	285,168	(195,472)	182,307	6,772	(315,908)	500
Other financing sources (uses):								
Transfers in	-	536,696	-	117,478	-	-	158,960	-
Transfers out	(207,844)	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(207,844)</b>	<b>536,696</b>	<b>-</b>	<b>117,478</b>	<b>-</b>	<b>-</b>	<b>158,960</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(204,145)	(8,360)	285,168	(77,994)	182,307	6,772	(156,948)	500
Cash and investment fund balance - beginning	204,145	387,356	1,468,966	68,268	378,020	14,420	1,411,136	11,135
Cash and investment fund balance - ending	\$ -	\$ 378,996	\$ 1,754,134	\$ (9,726)	\$ 560,327	\$ 21,192	\$ 1,254,188	\$ 11,635
<b>Cash and Investment Assets - December 31</b>								
Cash and investments	\$ -	\$ -	\$ -	\$ (9,726)	\$ -	\$ -	\$ -	\$ -
Restricted assets:								
Cash and investments	-	378,996	1,754,134	-	560,327	21,192	1,254,188	11,635
<b>Total cash and investment assets - December 31</b>	<b>\$ -</b>	<b>\$ 378,996</b>	<b>\$ 1,754,134</b>	<b>\$ (9,726)</b>	<b>\$ 560,327</b>	<b>\$ 21,192</b>	<b>\$ 1,254,188</b>	<b>\$ 11,635</b>
<b>Cash and Investment Fund Balance - December 31</b>								
Restricted for:								
Debt service	\$ -	\$ 378,996	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Capital projects	-	-	1,754,134	-	560,327	21,192	1,254,188	11,635
Other purposes	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	(9,726)	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<b>\$ -</b>	<b>\$ 378,996</b>	<b>\$ 1,754,134</b>	<b>\$ (9,726)</b>	<b>\$ 560,327</b>	<b>\$ 21,192</b>	<b>\$ 1,254,188</b>	<b>\$ 11,635</b>

ST. JOSEPH 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)

	Cumulative Capital Development	County Building	Economic Development District No. 1 Capital	Healthwin Improvement	Economic Development Income Tax	2000 CEDIT Construction Fund	SJC E.D.A. # 3 Project	Totals
<b>Receipts:</b>								
Taxes	\$ 1,678,192	\$ -	\$ 754,444	\$ -	\$ 10,610,460	\$ -	\$ -	\$ 26,023,767
Licenses and permits	-	-	-	-	-	-	-	1,279,508
Intergovernmental	158,919	-	-	-	130,326	-	-	20,028,383
Charges for services	-	-	-	120,000	-	-	-	5,769,619
Fines and forfeitures	-	-	-	-	-	-	-	796,093
Other	17,975	237,365	154	-	49,513	398,900	-	2,855,387
<b>Total receipts</b>	<b>1,855,086</b>	<b>237,365</b>	<b>754,598</b>	<b>120,000</b>	<b>10,790,299</b>	<b>398,900</b>	<b>-</b>	<b>56,752,757</b>
<b>Disbursements:</b>								
General government	-	-	-	-	-	-	-	2,949,709
Public safety	-	-	-	-	-	-	-	5,274,490
Highways and streets	-	-	-	-	-	-	-	7,274,828
Health and welfare	-	-	-	-	-	-	-	5,274,460
Culture and recreation	-	-	-	-	-	-	-	3,507,660
Urban redevelopment and housing	-	-	-	-	-	-	-	1,820,865
Debt service:								
Principal	-	-	245,000	-	1,575,000	-	-	7,535,000
Interest	-	-	-	-	465,344	-	-	3,501,050
Capital outlay	1,625,648	1,707,100	3,132	120,000	8,650,010	-	-	17,463,511
<b>Total disbursements</b>	<b>1,625,648</b>	<b>1,707,100</b>	<b>248,132</b>	<b>120,000</b>	<b>10,690,354</b>	<b>-</b>	<b>-</b>	<b>54,601,573</b>
Excess (deficiency) of receipts over disbursements	229,438	(1,469,735)	506,466	-	99,945	398,900	-	2,151,184
<b>Other financing sources (uses):</b>								
Transfers in	-	-	207,844	-	-	-	-	1,172,606
Transfers out	-	(219,011)	-	-	(536,696)	-	-	(3,051,620)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(219,011)</b>	<b>207,844</b>	<b>-</b>	<b>(536,696)</b>	<b>-</b>	<b>-</b>	<b>(1,879,014)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	229,438	(1,688,746)	714,310	-	(436,751)	398,900	-	272,170
Cash and investment fund balance - beginning	2,432,323	4,725,993	1,441,707	103	3,864,470	10,289	75,000	40,958,368
Cash and investment fund balance - ending	\$ 2,661,761	\$ 3,037,247	\$ 2,156,017	\$ 103	\$ 3,427,719	\$ 409,189	\$ 75,000	\$ 41,230,538
<b>Cash and Investment Assets - December 31</b>								
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,298,437
Restricted assets:								
Cash and investments	2,661,761	3,037,247	2,156,017	103	3,427,719	409,189	75,000	23,932,101
<b>Total cash and investment assets - December 31</b>	<b>\$ 2,661,761</b>	<b>\$ 3,037,247</b>	<b>\$ 2,156,017</b>	<b>\$ 103</b>	<b>\$ 3,427,719</b>	<b>\$ 409,189</b>	<b>\$ 75,000</b>	<b>\$ 41,230,538</b>
<b>Cash and Investment Fund Balance - December 31</b>								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 529,361
Capital projects	2,661,761	3,037,247	2,156,017	103	3,427,719	409,189	75,000	15,368,512
Other purposes	-	-	-	-	-	-	-	8,034,228
Unrestricted	-	-	-	-	-	-	-	17,298,437
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 2,661,761</b>	<b>\$ 3,037,247</b>	<b>\$ 2,156,017</b>	<b>\$ 103</b>	<b>\$ 3,427,719</b>	<b>\$ 409,189</b>	<b>\$ 75,000</b>	<b>\$ 41,230,538</b>

ST. JOSEPH COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 INTERNAL SERVICE FUNDS  
 As of and for the Year Ended December 31, 2006

	<u>Group Insurance</u>	<u>Liability Reserve</u>	<u>Totals</u>
Operating receipts:			
Insurance proceeds	\$ -	\$ 48,167	\$ 48,167
Employee/employer contributions	6,787,694	1,202,248	7,989,942
Other	<u>85,284</u>	<u>171,962</u>	<u>257,246</u>
Total operating receipts	<u>6,872,978</u>	<u>1,422,377</u>	<u>8,295,355</u>
Operating disbursements:			
Insurance disbursements	<u>9,775,620</u>	<u>1,407,054</u>	<u>11,182,674</u>
Excess (deficiency) of receipts over disbursements	<u>(2,902,642)</u>	<u>15,323</u>	<u>(2,887,319)</u>
Cash and investment fund balance - beginning	<u>(9,149,596)</u>	<u>(1,800,147)</u>	<u>(10,949,743)</u>
Cash and investment fund balance - ending	<u>\$ (12,052,238)</u>	<u>\$ (1,784,824)</u>	<u>\$ (13,837,062)</u>
<u>Cash and Investment Assets - December 31</u>			
Cash and investments	<u>\$ (12,052,238)</u>	<u>\$ (1,784,824)</u>	<u>\$ (13,837,062)</u>
<u>Cash and Investment Fund Balance - December 31</u>			
Unrestricted	<u>\$ (12,052,238)</u>	<u>\$ (1,784,824)</u>	<u>\$ (13,837,062)</u>

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

	County Police Retirement	County Police Benefit	Totals
<b>Additions:</b>			
Contributions:			
Employer	\$ 860,941	\$ 68,764	\$ 929,705
Investment receipts:			
Net increase in investments	5,953,430	62,013	6,015,443
Interest	803,999	35,262	839,261
Total investment receipts	6,757,429	97,275	6,854,704
Less investment disbursements	(116,063)	(5,530)	(121,593)
Net investment receipts	6,641,366	91,745	6,733,111
Total additions	7,502,307	160,509	7,662,816
<b>Deductions:</b>			
Benefits	1,293,928	26,500	1,320,428
Insurance payments	-	49,356	49,356
Administrative and general	6,972	-	6,972
Total deductions	1,300,900	75,856	1,376,756
Excess of total additions over total deductions	6,201,407	84,653	6,286,060
Cash and investment fund balance - beginning	25,833,427	1,029,618	26,863,045
Cash and investment fund balance - ending	\$ 32,034,834	\$ 1,114,271	\$ 33,149,105

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

	Miscellaneous State Money Trust	COIT	Public Housing Authority	State Sales Disclosure	Payroll	Education Plate Fees	Municipal Court Cost
Additions:							
Agency fund additions	\$ 40,370,556	\$ 31,044,322	\$ 27,974	\$ 40,861	\$ 51,650,925	\$ 10,425	\$ 94,332
Deductions:							
Agency fund deductions	40,370,556	31,044,322	27,974	41,526	51,668,466	10,425	94,332
Excess (deficiency) of total additions over total deductions	-	-	-	(665)	(17,541)	-	-
Cash and investment fund balance - beginning	81	-	-	3,555	477,991	1,969	-
Cash and investment fund balance - ending	\$ 81	\$ -	\$ -	\$ 2,890	\$ 460,450	\$ 1,969	\$ -

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

	Congressional Interest	Surplus Tax	Tax Sale Redemption	Tax Sale Surplus	Surplus Dog Tax	State Fees	Indiana Gross Real Estate
Additions:							
Agency fund additions	\$ 1,083	\$ 2,290,834	\$ 330,709	\$ 6,607,508	\$ 9,056	\$ 802,633	\$ 1,129
Deductions:							
Agency fund deductions	-	1,601,865	209,488	1,961,031	12,522	822,909	1,129
Excess (deficiency) of total additions over total deductions	1,083	688,969	121,221	4,646,477	(3,466)	(20,276)	-
Cash and investment fund balance - beginning	7,620	1,782,778	4,914	115,475	3,466	135,033	-
Cash and investment fund balance - ending	<u>\$ 8,703</u>	<u>\$ 2,471,747</u>	<u>\$ 126,135</u>	<u>\$ 4,761,952</u>	<u>\$ -</u>	<u>\$ 114,757</u>	<u>\$ -</u>

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

	Inheritance Tax	Special Death Benefit Fee	Coroner State Fee	Sewage Lien Collections	Treasurer's Refund	Surplus Drainage Collections
Additions:						
Agency fund additions	\$ 8,696,014	\$ 20,045	\$ 20,086	\$ 24,484	\$ -	\$ -
Deductions:						
Agency fund deductions	9,933,988	17,110	19,742	3,467	-	-
Excess (deficiency) of total additions over total deductions	(1,237,974)	2,935	344	21,017	-	-
Cash and investment fund balance - beginning	3,104,322	-	1,517	99	780	48
Cash and investment fund balance - ending	<u>\$ 1,866,348</u>	<u>\$ 2,935</u>	<u>\$ 1,861</u>	<u>\$ 21,116</u>	<u>\$ 780</u>	<u>\$ 48</u>

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

	Surplus Sewage Liens	County Owned Tax Sale	Tax Sale Clearing	County Sales Disclosure	Surplus Replacement	Mortgage Recording Fee
Additions:						
Agency fund additions	\$ -	\$ -	\$ 8,721,063	\$ 40,861	\$ 2,284,937	\$ 42,162
Deductions:						
Agency fund deductions	-	-	8,721,063	-	2,284,937	42,915
Excess (deficiency) of total additions over total deductions	-	-	-	40,861	-	(753)
Cash and investment fund balance - beginning	<u>422</u>	<u>28,688</u>	<u>-</u>	<u>157,949</u>	<u>423</u>	<u>3,935</u>
Cash and investment fund balance - ending	<u>\$ 422</u>	<u>\$ 28,688</u>	<u>\$ -</u>	<u>\$ 198,810</u>	<u>\$ 423</u>	<u>\$ 3,182</u>

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

	Alternative Dispute Resolution	Domestic Relations Counseling Bureau	Wheel Tax	Excise Surplus Tax	Employee Benefits Clearing	Riverboat Revenue Sharing
Additions:						
Agency fund additions	\$ 8,060	\$ 872	\$ 415,243	\$ 4,933,636	\$ 7,399,719	\$ 1,671,110
Deductions:						
Agency fund deductions	-	-	415,243	4,933,636	7,399,719	1,671,110
Excess (deficiency) of total additions over total deductions	8,060	872	-	-	-	-
Cash and investment fund balance - beginning	-	-	-	-	-	-
Cash and investment fund balance - ending	<u>\$ 8,060</u>	<u>\$ 872</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	<u>CVET</u>	<u>Welfare Trust</u>	<u>County Home Resident Trust</u>	<u>Sheriff's Inmate Trust</u>	<u>County Sheriff</u>	<u>County Adult Probation</u>
Additions:						
Agency fund additions	\$ 1,584,505	\$ 465,307	\$ 943,585	\$ 1,216,198	\$ 6,370,452	\$ 154,084
Deductions:						
Agency fund deductions	<u>1,584,505</u>	<u>403,567</u>	<u>948,220</u>	<u>1,193,286</u>	<u>6,348,410</u>	<u>146,025</u>
Excess (deficiency) of total additions over total deductions	-	61,740	(4,635)	22,912	22,042	8,059
Cash and investment fund balance - beginning	<u>-</u>	<u>8,230</u>	<u>35,877</u>	<u>71,851</u>	<u>24,786</u>	<u>50,388</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 69,970</u>	<u>\$ 31,242</u>	<u>\$ 94,763</u>	<u>\$ 46,828</u>	<u>\$ 58,447</u>

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

	Circuit Court Clerk	County Recorder	County Treasurer	Parkview Detention Center	Prosecutor Check Deception Program	Totals
Additions:						
Agency fund additions	\$ 32,730,841	\$ 1,263,152	\$ 423,327,744	\$ 178,127	\$ 3	\$ 635,794,637
Deductions:						
Agency fund deductions	32,184,270	1,270,554	428,628,575	181,487	5,018	636,203,392
Excess (deficiency) of total additions over total deductions	546,571	(7,402)	(5,300,831)	(3,360)	(5,015)	(408,755)
Cash and investment fund balance - beginning	8,939,497	107,803	9,067,997	16,556	5,015	24,159,065
Cash and investment fund balance - ending	<u>\$ 9,486,068</u>	<u>\$ 100,401</u>	<u>\$ 3,767,166</u>	<u>\$ 13,196</u>	<u>\$ -</u>	<u>\$ 23,750,310</u>

ST. JOSEPH 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	\$ 21,885,085
Infrastructure	326,836,356
Buildings	75,345,739
Machinery and equipment	24,709,264
Construction in progress	<u>3,689,950</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 452,466,394</u></u>

ST. JOSEPH COUNTY  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2006

Description of Asset	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
County Jail	\$ 30,510,000	\$ 2,230,000
E-911 Equipment	190,151	190,151
Bonds payable:		
General obligation bonds:		
2005 Housing of Inmates	5,155,000	2,525,000
Limited general obligation bonds:		
1995 Bridge Bond Construction	720,000	720,000
2000 Bridge Bond Construction	5,900,000	-
2005 Limited Tax Bridge Funding	4,000,000	-
General revenue bonds:		
1998 Special Tax Refunding	1,795,000	275,000
2000 EDIT Bonds	7,150,000	1,650,000
Capital appreciation bonds:		
1997 Redevelopment District Bonds	1,888,252	290,000
TIF bonds:		
2001 TIF Bonds	17,375,000	465,000
Total governmental activities long-term debt	<u>\$ 74,683,403</u>	<u>\$ 8,345,151</u>

ST. JOSEPH COUNTY  
OTHER REPORTS

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

County Auditor  
Clerk of the Circuit Court

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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## 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 ST. JOSEPH COUNTY, INDIANA

### Compliance

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

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

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

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

STATE BOARD OF ACCOUNTS

October 23, 2007

ST. JOSEPH 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 AGRICULTURE</u>			
Pass-Through Indiana Department of Education Child Nutrition Cluster School Breakfast Program	10.553	FY-2006	\$ 62,408
National School Lunch Program	10.555	FY-2006	106,050
Child and Adult Care Food Program	10.558	FY-2006	<u>29,066</u>
Total for federal grantor agency			<u>197,524</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	2004 WEAXK-018	<u>395,317</u>
Direct Grant Community Prosecution and Project Safe Neighborhoods	16.609	05-DJ-018	<u>120,631</u>
Pass-Through Indiana Criminal Justice Institute Crime Victim Assistance	16.575	2004-VA-GX-00032 05-VA-120	16,470 <u>76,429</u>
Total for program			<u>92,899</u>
Byrne Formula Grant Program	16.588	05-ST--049	<u>181,391</u>
Edward Byrne Memorial Justice Assistance Grant Program	16.738	03-JB-065 05-DJ-018	96,589 <u>19,821</u>
Total for program			<u>116,410</u>
Paul Coverdell Forensic Science Improvement Grant Program	16.742	DNBX-0061	<u>70,714</u>
Total for federal grantor agency			<u>977,362</u>
<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	PT-06-04-07-49 PT-07-04-011-27	57,751 <u>11,379</u>
Total for grantor agency			<u>69,130</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through Indiana Department of Children's Services Special Programs for the Aging Title VII	93.041	71-06-PV-1244-01	<u>202,097</u>

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

ST. JOSEPH COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2006  
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)</u>			
Pass-Through Indiana Department of Health Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Levels in Children	93.197	CLP 170-1	<u>56,175</u>
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283		<u>39,669</u>
Pass-Through Indiana Department of Children's Services Child Support Enforcement	93.563	FY-2006	
County Prosecutor's Expenditures			1,118,956
County Clerk's Expenditures			141,251
Probate Court Expenditures			75,948
Collection Incentives			310,958
Indirect Costs			<u>163,332</u>
Total for program			<u>1,810,445</u>
Pass-Through Indiana Department of Health HIV Prevention Activities - Health Department Based	93.940	AIDS 170-7	<u>87,088</u>
Preventative Health Services - Sexually Transmitted Diseases Control Grants	93.977	STD 170-5	<u>36,444</u>
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation	93.988	DG 170-2	<u>5,035</u>
Maternal and Child Health Services Block Grant to the States	93.994	MCH 170-3	34,336
		MCH 170-4	29,944
		MCH 170-10	<u>53,303</u>
Total for program			<u>117,583</u>
Total for federal grantor agency			<u>2,354,536</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security Homeland Security Grant Program	97.067	FY-2006	<u>555,490</u>
Law Enforcement Terrorism Prevention Program	97.074	FY-2006	<u>321,933</u>
Total for federal grantor agency			<u>877,423</u>
Total federal awards expended			<u>\$ 4,475,975</u>

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

ST. JOSEPH 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 St. Joseph 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:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>2006</u>
Crime Victim Assistance	16.575	\$ 23,895
Grants to Encourage Arrest Policies and Enforcement of Protection Orders	16.590	395,406

ST. JOSEPH 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?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? yes

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

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

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders
93.563	Child Support Enforcement
97.074	Law Enforcement Terrorism Prevention Program

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FINDING 2006-1, CIRCUIT COURT CLERK TRUST RECONCILEMENT

The County was unable to reconcile amounts from the office of the Clerk of Circuit Court trust registers with the Clerk's Cash Book record balances. No reconcilements of this kind have been done in many years.

Most of these records are maintained on a computer system, where receipts and disbursements for these items are posted by cause number. Officials in the computer department are unable to provide a detailed listing of outstanding items timely, and the Clerk's office does not have a system in place to reconcile the outstanding items to the amount of cash on hand at any given date.

ST. JOSEPH COUNTY  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 (Continued)

The County is required by the Accounting and Uniform Compliance Guidelines Manual for Clerks of the Circuit Court, Chapter Eight, to reconcile the total of all trust items to the Clerk's Cash Book on a monthly basis.

Without trust records reconciled to the cash book, we are not able to verify that the cash on hand is sufficient to pay what is being held and owing to outside parties.

We recommended that the County design and implement procedures that would allow the trust records to be reconciled to the cash book on a continuous basis.

FINDING 2006-2, INSURANCE FUNDS' NEGATIVE CASH BALANCES

At December 31, 2006, the Liability Reserve Fund and the Group Insurance Fund had negative cash balances of \$1,784,823 and \$12,052,239, respectively. As of August 31, 2007, these funds' negative cash balances were \$2,180,561 and \$13,376,435, respectively. The following schedule shows these funds' negative cash balances at the end of recent years:

<u>Year Ending</u>	<u>Group Insurance</u>	<u>Liability Reserve</u>
12-31-02	\$ 2,091,125	\$ 692,588
12-31-03	4,183,554	962,084
12-31-04	5,524,952	1,144,313
12-31-05	9,149,596	1,800,147

The negative cash balances have occurred and grown in recent years because County officials have not sufficiently funded costs. These large negative cash balances are, in effect, reducing the available cash balance in other County funds. As of December 31, 2006, the General Fund cash balance was \$81,996 and not sufficient to cover the Insurance Funds' overdrawn cash balances.

The cash balance of any fund may not be reduced below zero. (Accounting and Uniform Compliance Guidelines Manual for County Auditors, Chapter XIV)

We recommended that County officials review methods to eliminate the negative cash balances in the self-insurance funds. Cost allocation methods should be calculated in a manner to meet estimated expenditures and past deficiencies.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

ST. JOSEPH COUNTY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

**Rita L. Glenn  
St. Joseph Circuit Court Clerk  
Ex-Officio Clerk  
St. Joseph Superior and Probate Court**

**101 South Main Street  
South Bend, IN. 46601-1807**

**Telephone: (574) 235-9635  
Fax: (574) 235-9838**

**October 12, 2007**

**ST. JOSEPH COUNTY  
ACTION PLAN TO CORRECT FINANCIAL  
STATEMENT FINDINGS**

**FINDINGS 2006-1**

The St. Joseph County Clerk's office is still working with keeping the County Commissioners, Judges and the Auditor's offices in efforts to resolve all financial difficulties with our trust registers each month.

The Supreme Court has, of last November 2006, hired Tyler Technology to now be the builder of the unified statewide system. I must still give credit to Low & Associates for doing everything humanly possible to help keep my system working, but I truly believe the fingers in the damn are giving out. With this in mind, once again there's no difference then any other year that we are able to generate a report to assist us with the reconciliation of that account. The Clerk's office does balance with the everyday reports and the monthly bank statements.

I would also like to let you know, that I am continuing to work with Justice Sullivan and the members of JTAC to move toward the implementation of the State System in St. Joseph County ASAP!!!!...I have already signed onto 2 projects that they offered for pilot programs and have received new PC's and hardware for those programs with no cost to the county.

Sincerely,



Rita L. Glenn  
St. Joseph Circuit Court Clerk

**ST. JOSEPH COUNTY AUDITOR**

227 W. Jefferson Blvd. Second Floor

County City Building

South Bend, IN 46601

Telephone 574-235-9668

Fax 574-235-5024

Michael C. Eby, M.P.A.  
Auditor

Cynthia A. Bodle  
Chief Deputy Auditor

October 15, 2007

To: John Pajakowski, State Board of Accounts

From: Michael C. Eby, St. Joseph County Auditor 

Re: St. Joseph County Health Insurance Fund Negative Balance

One of the ongoing issues in St. Joseph County has been the large debt carried by the County's health insurance fund. As we are self insured, this is money owed to ourselves and not to any health care provider.

The County council and Commissioners have been working with a benefits consultant to try to stop the annual shortfalls and to begin a process of debt reduction. If the current proposal is implemented, we should close the deficit for 2008 and begin paying off the accumulated debt.

At this time, the debt should be eliminated within five to seven years, depending on contributing factors.

ST. JOSEPH COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on October 15, 2007, with Michael C. Eby, Auditor; and Cynthia A. Bodle, Deputy Auditor.

The contents of this report were discussed on October 23, 2007, with Commissioners Robert Kovach and Mark Dobson.

The contents of this report were discussed on October 26, 2007, with Rafael Morton, President of the County Council.