

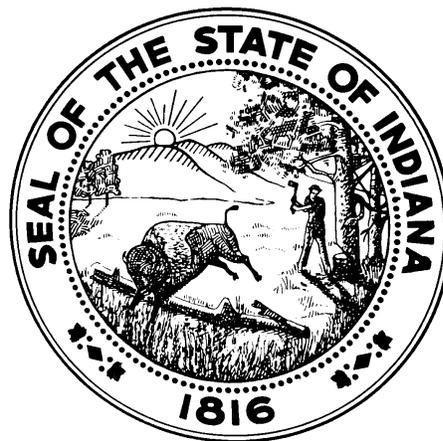
STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

EXAMINATION REPORT

OF

MIAMI COUNTY, INDIANA

January 1, 2007 to December 31, 2007



FILED
08/22/2008

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OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|---|--------------------------------|--|
| Auditor | Brenda Weaver | 01-01-05 to 12-31-08 |
| Treasurer | Karen Large | 01-01-05 to 12-31-08 |
| Clerk of the Circuit Court | Trudy McRae Debra A. Walker | 01-01-04 to 12-31-07 01-01-08 to 12-31-11 |
| Sheriff | Kenneth F. Roland | 01-01-07 to 12-31-10 |
| Recorder | Sherry Payne Rhonda Traxler | 01-01-05 to 12-31-07 01-01-08 to 12-31-08 |
| President of the Board of County Commissioners | Gary D. Hawley | 01-01-07 to 12-31-08 |
| President of the County Council | William E. Click | 01-01-07 to 12-31-08 |



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF MIAMI COUNTY, INDIANA

We have examined the financial information presented herein of Miami County (County), for the period of January 1, 2007 to December 31, 2007. The County's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

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

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the County for the year ended December 31, 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

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

STATE BOARD OF ACCOUNTS

June 2, 2008

MIAMI COUNTY
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2007

| | Cash and Investments | | Cash and Investments | |
|--|----------------------|--------------|----------------------|----------------|
| | 01-01-07 | Receipts | Disbursements | 12-31-07 |
| Governmental Funds: | | | | |
| General | \$ 1,424,161 | \$ 6,220,626 | \$ 8,745,201 | \$ (1,100,414) |
| County Highway | 1,297,847 | 2,856,903 | 2,622,931 | 1,531,819 |
| Local Road and Street | 216,885 | 358,502 | 475,624 | 99,763 |
| Plat Book | 33,045 | 11,913 | 3,432 | 41,526 |
| Tobacco Settlement | - | 22,271 | 22,271 | - |
| Health Coordinator - Homeland Security | 4,316 | 33,825 | 23,327 | 14,814 |
| Health Homeland Security | 136 | 1,273 | 1,409 | - |
| County Health | 85,344 | 116,129 | 201,693 | (220) |
| Environmental Civil Penalties | 1,125 | 1,320 | 170 | 2,275 |
| Health Grant | (446) | 20,000 | 20,379 | (825) |
| Health Maintenance Tobacco | 20,983 | 13,139 | 30,000 | 4,122 |
| Welfare Family and Children | 790,196 | 2,108,948 | 2,853,131 | 46,013 |
| County Welfare Child Psychiatric | 479,874 | 365,445 | 488,481 | 356,838 |
| Operation Pullover | 3,217 | 8,050 | 8,858 | 2,409 |
| Accident Report | 6,522 | 3,918 | 6,133 | 4,307 |
| Jury Fees | 53,147 | 13,486 | - | 66,633 |
| JAIBG Program | 2,828 | - | - | 2,828 |
| FEMA | 96 | - | - | 96 |
| 2005 Reassessment | 1,140,356 | 107,695 | 188,148 | 1,059,903 |
| County Sales Disclosure | 10,186 | 4,533 | - | 14,719 |
| LECE | 3,895 | 1,615 | 5,510 | - |
| Administrative Fee - Probation | 74,891 | 27,237 | - | 102,128 |
| County Voter Reg Access | 580 | 3,347 | - | 3,927 |
| Firearms Training | 16,234 | 16,420 | 4,045 | 28,609 |
| Disaster Fund | 1,214 | 354 | 550 | 1,018 |
| YMCA Rural Transit Grant | - | 224,508 | 224,508 | - |
| Criminal Justice Equipment Grant | 525 | - | - | 525 |
| User Fee Drug and Alcohol | 44,154 | 69,385 | 76,306 | 37,233 |
| GRA Dorm Project Grant | 33,872 | - | - | 33,872 |
| GRA Dorm Project Loan | 33,872 | 10,297 | - | 44,169 |
| Law Enforcement Continuing Education | 9,184 | 8,751 | 2,901 | 15,034 |
| County Drug Free Community | 63,554 | 31,071 | 65,225 | 29,400 |
| Prosecutor's Diversion and Deferral | 202,954 | 192,990 | 158,536 | 237,408 |
| Supplemental Juvenile Probation Services | 104,345 | 5,600 | 11,165 | 98,780 |
| Sheriff Misc Grants | - | 1,589 | 1,589 | - |
| Community Transition Program | 65,669 | 16,645 | 38,502 | 43,812 |
| Community Correction Grant | (9,881) | 199,392 | 162,950 | 26,561 |
| Community Correction Project Income | 250,328 | 159,613 | 127,166 | 282,775 |
| Supplemental Adult Probation | 115,662 | 170,705 | 96,101 | 190,266 |
| Victim's Advocate | 8,014 | 114,212 | 115,367 | 6,859 |
| Court Appointed Special Advocate | 14,749 | 4,246 | 2,576 | 16,419 |
| Emergency Management Miscellaneous Grant | 50 | - | - | 50 |
| 4-D Clerk 2000 | 46,523 | - | 8,766 | 37,757 |
| IV-D CLERK | 259 | - | - | 259 |
| Old - IV-D Prosecutor | 25 | - | - | 25 |
| New - IV-D Prosecutor | 43,343 | 24,610 | 40,751 | 27,202 |
| County Correction | 29,470 | 24,902 | 31,708 | 22,664 |
| Soil and Water Grant | (2,383) | 4,000 | 3,613 | (1,996) |
| Local Emergency Planning and Right to Know | 6,494 | 11,421 | 3,765 | 14,150 |
| Recorder's Records Perpetuation | 38,651 | 42,828 | 31,589 | 49,890 |
| Surveyor's Corner Perpetuation | 57,901 | 7,265 | 7,553 | 57,613 |
| County Extradition | 36 | - | - | 36 |
| Supplemental Public Defender | 43,384 | 54,553 | 19,314 | 78,623 |
| Rainy Day | 197,393 | 214,708 | 197,393 | 214,708 |
| Sheriff Reserve | 1,482 | - | - | 1,482 |
| Community Emergency Response | 1,033 | - | 48 | 985 |
| Miami County Riverboat Wagering | 385,637 | 126,387 | 512,023 | 1 |
| CEDIT | 2,467,969 | 926,365 | 538,932 | 2,855,402 |
| Title III Requirement | 3,300 | - | - | 3,300 |
| Homeland Security Radios 06 | 59 | - | - | 59 |

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

MIAMI COUNTY
SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
ALL GOVERNMENTAL, PROPRIETARY AND FIDUCIARY FUND TYPES
As Of And For The Year Ended December 31, 2007
(Continued)

| | Cash and Investments 01-01-07 | Receipts | Disbursements | Cash and Investments 12-31-07 |
|-----------------------------------|-------------------------------------|----------------------|----------------------|-------------------------------------|
| Governmental Funds (continued): | | | | |
| Cumulative Courthouse | 653,166 | 399,439 | 446,898 | 605,707 |
| Homeland Security Laptop Grant | 11,250 | - | 11,250 | - |
| Clerk Perpetuation Fund | 28,491 | 10,680 | 9,879 | 29,292 |
| Sheriff Service of Process Fee | 10,353 | 19,838 | - | 30,191 |
| Child Project System | 1 | - | - | 1 |
| Sheriff Radio Loan | 6,161 | - | - | 6,161 |
| Law Enforcement Fund - Prosecutor | - | 7,015 | - | 7,015 |
| Cumulative Bridge | 1,048,435 | 393,515 | 564,129 | 877,821 |
| E911 | 281,646 | 560,006 | 553,500 | 288,152 |
| Security Protection | 12,946 | 11,336 | 18,290 | 5,992 |
| General Drain Improvement | 217,932 | - | - | 217,932 |
| Drainage Maintenance | 964,478 | 28,982 | 68,990 | 924,470 |
| Animal Control Fees | 4,085 | 963 | - | 5,048 |
| County Option Tax Jail Project | - | 1,272,164 | 183,503 | 1,088,661 |
| Riverboat Wagering | - | 126,387 | 126,387 | - |
| Children of Divorce Program | 33,305 | 4,770 | 9,300 | 28,775 |
| Sheriff's Commissary | 30,811 | 86,674 | 103,395 | 14,090 |
| Levy Excess | 284,298 | - | 117,789 | 166,509 |
| Proprietary Fund: | | | | |
| Self-Insurance | 873,975 | 1,255,802 | 984,955 | 1,144,822 |
| Fiduciary Funds: | | | | |
| Sheriff's Pension Trust | 1,229,356 | 148,845 | 50,294 | 1,327,907 |
| Sheriff's Benefit Trust | 85,336 | 8,268 | 4,351 | 89,253 |
| Congressional Principal | 32,411 | 1,551 | - | 33,962 |
| Interstate Compact Fees | - | 225 | - | 225 |
| City Ordinance Violations | 500 | - | - | 500 |
| Weed Liens | 3,642 | - | 3,642 | - |
| Eagles Point Tax Holding | - | 104,225 | 104,225 | - |
| Reconciliation Differences | 832 | - | - | 832 |
| Welfare Trust | - | 1,380 | - | 1,380 |
| Surplus Tax | 137,569 | 7,052 | 100,904 | 43,717 |
| Tax Sale Redemption | 1,302 | 127,469 | 132,292 | (3,521) |
| SRI Fees | 11,310 | - | - | 11,310 |
| Tax Sale Surplus | 546,523 | - | 456,490 | 90,033 |
| Congressional Interest | 36,350 | 1,123 | 599 | 36,874 |
| State Mortgage Fraud | 892 | 4,031 | 2,355 | 2,568 |
| Homestead Credit Rebate | - | 1,186,177 | - | 1,186,177 |
| Demand Collection Fees | 5,010 | - | 3,363 | 1,647 |
| Surplus Dog Tax | 396 | - | - | 396 |
| Inheritance Tax | 145,121 | 417,214 | 354,235 | 208,100 |
| Special Death Benefit | 155 | 270 | 285 | 140 |
| Sales Disclosure Fee | 427 | 4,533 | 2,358 | 2,602 |
| Coroner's Continuing Education | 88 | 5,101 | 855 | 4,334 |
| City and Town Court Costs | 8,505 | 13,625 | - | 22,130 |
| Payroll | 684 | 2,196,829 | 2,197,513 | - |
| Payroll Direct Deposit | - | 1,572,273 | 1,572,273 | - |
| Payroll Withholdings | 10,781 | 1,641,794 | 1,601,651 | 50,924 |
| Court Fees | 25,464 | 223,307 | 110,324 | 138,447 |
| Tax Distribution Funds | 255,064 | 22,081,881 | 22,125,289 | 211,656 |
| County Clerk | 538,630 | 4,542,437 | 4,547,708 | 533,359 |
| County Recorder | 50 | 148,353 | 148,353 | 50 |
| County Treasurer | 488,496 | 36,856,432 | 15,180,800 | 22,164,128 |
| County Sheriff | - | 651,469 | 651,469 | - |
| Inmate Trust | 12,081 | 98,844 | 100,690 | 10,235 |
| Totals | <u>\$ 17,962,567</u> | <u>\$ 91,185,271</u> | <u>\$ 70,830,223</u> | <u>\$ 38,317,615</u> |

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

MIAMI COUNTY
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

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

Note 2. Fund Accounting

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

Note 3. Budgets

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

Note 4. Property Taxes

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

Note 5. Deposits and Investments

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

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

MIAMI COUNTY
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Note 7. Interfund Loans

At December 31, 2007, the following interfund loans were outstanding:

1. \$512,023 due to the Miami County Riverboat Wagering Fund from the General Fund.
2. \$197,393 due to the Rainy Day Fund from the General Fund.
3. \$30,000 due to the Health Maintenance - Tobacco Fund from the County Health Fund.

MIAMI COUNTY
NOTES TO FINANCIAL INFORMATION
(Continued)

Note 8. Interlocal Agreement - Loan Receivable

On February 14, 2000, the Miami County Commissioners entered into an interlocal agreement with the Grissom Redevelopment Authority (GRA), now known as the Miami County Economic Development Authority, in which the County was committed to providing up to \$800,000 local match for a federal grant to the GRA. The purpose of the funding was to demolish old dormitories on the grounds of Grissom Aeroplex. Fifty percent of the County match was to be in the form of a loan to be repaid to the County within five years at 3% interest. As of December 31, 2007, the project loan balance receivable was \$150,283.

Note 9. Interlocal Agreement – Loan Payable

On January 22, 2001, the Miami County Commissioners entered an interlocal agreement with the Grissom Redevelopment Authority (GRA), now known as the Miami County Economic Development Authority, in which the County agreed to obtain a loan from the Indiana Department of Commerce to be used by the GRA for demolition of old dormitories on the grounds of Grissom Aeroplex. On March 23, 2001, the County received the \$300,000 loan from the Indiana Department of Commerce Industrial Development Fund. The County disbursed the entire amount of the loan to the GRA. The terms of the interlocal agreement call for the GRA to repay this loan to the State. The terms of the loan require semiannual payments of \$15,000 plus interest at 3% with the first payment due July 1, 2001, and the final payment due January 1, 2011. As of December 31, 2006, the principal balance of this loan was \$105,000.

Note 10. Interest Rate Buydowns

The County has entered into an interest rate buydown agreement with a local company. The purpose of this agreement is to provide an incentive for the company to make capital expenditures that will create or retain full-time employment opportunities in the County. The agreement calls for the County to make payments directly to the company from the County Economic Development Income Tax Fund based on the certification by the lending institution of the company's complete performance of the terms of its debt obligations. The maximum liability of the County under this agreement for calendar years 2008 and 2009 is \$44,500 each year.

Note 11. Designation of Funds to City of Peru

The County has designated, by ordinance, a portion of its share of county economic development income tax funds to the City of Peru for the lease financing, through the Peru Municipal Facilities Corporation, of certain water and wastewater infrastructure known as the Northwest Utility Corridor Project. The County is participating in this project for the purpose of promoting economic development. The County will not receive any tangible assets in exchange for the

MIAMI COUNTY
NOTES TO FINANCIAL INFORMATION
(Continued)

funding provided. The amount outstanding on the Peru Municipal Facilities Corporation lease at December 31, 2006, is \$3,375,000. The County has agreed to pay one-half of the lease payments. The County's annual lease payment is approximately \$161,000 through the year 2020.

Note 12. Economic Development Grant Commitments

The County Commissioners have committed county economic development income tax funds to support several local businesses in relocating, purchasing new equipment, building infrastructure, or start-up costs. At December 31, 2007, these commitments for calendar years 2008, 2009, 2010 and 2011, are \$347,000, \$68,000, \$68,000 and \$43,000; respectively.

Note 13. Road Project

The County is involved in a project to improve Business 31 South. The County has entered into a contract for engineering services in the amount of \$498,450. The State of Indiana will bid and award contracts for the actual construction which is to be financed by federal highway funds and a local match. The County's engineering costs may be applied to up to 40% of their local match. The County had paid \$47,655 in engineering costs as of December 31, 2007. The bidding for construction had not yet taken place as of June 3, 2008.

Note 14. Subsequent Event

The County has entered into a capital lease with Miami County Holding Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing a jail facility for lease to the County. The lessor has been determined to be a related party of the County. Semiannual lease payments will range from \$589,500 to \$597,500, with the payments due beginning July 1, 2010 through January 1, 2033.

MIAMI COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2007

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 | \$ 1,072,721 |
| Infrastructure | 60,050,900 |
| Buildings | 6,317,454 |
| Improvements other than buildings | 111,127 |
| Machinery and equipment | <u>5,187,127</u> |
| Total governmental activities, capital assets not being depreciated | <u>\$ 72,739,329</u> |

MIAMI COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2007

The County has entered into the following debt:

| Description of Debt | Ending Principal Balance | Principal and Interest Due Within One Year |
|------------------------------------|--------------------------------|---|
| Governmental Activities: | | |
| Capital leases: | | |
| E-911 equipment | \$ 627,993 | \$ 151,776 |
| Notes and loans payable | | |
| Animal control truck | <u>9,000</u> | <u>9,554</u> |
| Total governmental activities debt | <u>\$ 636,993</u> | <u>\$ 161,330</u> |

MIAMI 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
County Sheriff

MIAMI COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 3, 2008, with Brenda Weaver, Auditor; and Gary D. Hawley, President of the Board of County Commissioners. Our report disclosed no material items that warrant comment at this time.