

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

ANNUAL FINANCIAL REPORT

2006

KOSCIUSKO COUNTY, INDIANA



**FILED**  
08/31/2007



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Sue Ann Mitchell	01-01-04 to 12-31-07
Treasurer	Kent Adams	01-01-05 to 12-31-08
Clerk	Sharon Christner	01-01-05 to 12-31-08
Sheriff	C. Aaron Rovenstine William Goshert	01-01-03 to 12-31-06 01-01-07 to 12-31-10
Recorder	LaShawn Brumfield Deborah Wulliman	01-01-03 to 12-31-06 01-01-07 to 12-31-10
President of the Board of County Commissioners	Brad Jackson Ron Truex	01-01-06 to 12-31-06 01-01-07 to 12-31-07
President of the County Council	Harold Jones	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 KOSCIUSKO COUNTY, INDIANA

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

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

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

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

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

In accordance with Government Auditing Standards, we have also issued a report dated July 25, 2007, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

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

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

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

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

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

STATE BOARD OF ACCOUNTS

July 25, 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 KOSCIUSKO COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Kosciusko 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 July 25, 2007. The opinions to the financial statements were qualified due to the omission of a component unit, which results in incomplete presentation. 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 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and 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 a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

July 25, 2007

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

<u>Functions/Programs</u>	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government
					Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 13,425,483	\$ 1,000,100	\$ 536,030	\$ 91,762	\$ (11,797,591)
Public safety	7,644,505	2,086,877	1,217,149	6,057	(4,334,422)
Highways and streets	4,684,507	27,766	5,165,205	29,704	538,168
Health and welfare	3,135,994	81,956	590,524	-	(2,463,514)
Economic development	39,480	-	-	31,330	(8,150)
Culture and recreation	521,184	-	48,424	-	(472,760)
Debt service	1,989,763	-	-	-	(1,989,763)
 Total primary government	 \$ 31,440,916	 \$ 3,196,699	 \$ 7,557,332	 \$ 158,853	 (20,528,032)
 General receipts:					
Property taxes					9,780,457
County economic development income tax					3,065,985
County option income tax					4,112,782
Innkeepers' tax					410,138
Other local sources					4,088,227
Grants and contributions not restricted to specific programs					1,341,355
Unrestricted investment earnings					2,276,490
 Total general receipts					 25,075,434
 Change in net assets					 4,547,402
Net assets - beginning					26,859,180
Net assets - ending					\$ 31,406,582
 <u>Assets</u>					
Cash and investments					\$ 30,361,968
Restricted assets:					
Cash and investments					933,461
Cash with fiscal agent					111,153
Total assets					\$ 31,406,582
 <u>Net Assets</u>					
Restricted for:					
Other purposes					\$ 1,044,614
Unrestricted					30,361,968
Total net assets					\$ 31,406,582

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

KOSCIUSKO 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	Motor Vehicle Highway	Other Governmental Funds	Totals
<b>Receipts:</b>				
Taxes	\$ 10,897,133	\$ -	\$ 6,472,229	\$ 17,369,362
Licenses and permits	806	27,766	56,228	84,800
Intergovernmental	1,341,354	4,430,760	3,285,426	9,057,540
Charges for services	1,514,235	-	1,099,051	2,613,286
Fines and forfeits	398,415	-	100,198	498,613
Other	3,207,987	190,609	2,966,121	6,364,717
 Total receipts	 17,359,930	 4,649,135	 13,979,253	 35,988,318
 <b>Disbursements:</b>				
General government	10,676,699	-	1,592,498	12,269,197
Public safety	4,677,729	-	2,866,751	7,544,480
Highways and streets	-	3,538,206	724,678	4,262,884
Health and welfare	688,039	-	2,455,335	3,143,374
Culture and recreation	65,658	-	455,526	521,184
Urban redevelopment and housing	39,480	-	-	39,480
Debt service:				
Principal	-	-	1,385,000	1,385,000
Interest	-	-	604,763	604,763
Capital outlay:				
General government	-	-	1,255,679	1,255,679
Public safety	-	-	150,459	150,459
Highways and streets	-	-	444,734	444,734
 Total disbursements	 16,147,605	 3,538,206	 11,935,423	 31,621,234
 Excess of receipts over disbursements	 1,212,325	 1,110,929	 2,043,830	 4,367,084
 Cash and investment fund balance - beginning	 6,626,687	 1,748,971	 17,619,226	 25,994,884
 Cash and investment fund balance - ending	 <u>\$ 7,839,012</u>	 <u>\$ 2,859,900</u>	 <u>\$ 19,663,056</u>	 30,361,968
 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.				1,044,614
Net assets of governmental activities				<u>\$ 31,406,582</u>
 <u>Cash and Investment Assets - December 31</u>				
Cash and investments	<u>\$ 7,839,012</u>	<u>\$ 2,859,900</u>	<u>\$ 19,663,056</u>	<u>\$ 30,361,968</u>
 <u>Cash and Investment Fund Balance - December 31</u>				
Unrestricted	<u>\$ 7,839,012</u>	<u>\$ 2,859,900</u>	<u>\$ 19,663,056</u>	<u>\$ 30,361,968</u>

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

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

	Internal Service Fund
Operating receipts:	
Charges for services	\$ 2,449,659
Other	<u>16,359</u>
Total operating receipts	<u>2,466,018</u>
Operating disbursements:	
Insurance disbursements	<u>2,285,700</u>
Excess of receipts over disbursements	180,318
Cash and investment fund balance - beginning	<u>864,296</u>
Cash and investment fund balance - ending	<u>\$ 1,044,614</u>
<u>Cash and Investment Assets - December 31</u>	
Restricted assets:	
Cash and investments	\$ 933,461
Cash with fiscal agent	<u>111,153</u>
Cash and investments	<u>\$ 1,044,614</u>
<u>Cash and Investment Fund Balance - December 31</u>	
Restricted for:	
Other purposes	<u>\$ 1,044,614</u>

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

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

	<u>Pension Trust Fund</u>	<u>Private-Purpose Trust Fund</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Employer	\$ 696,116	\$ -	\$ -
Plan members	48,326	-	-
Other	<u>50,313</u>	<u>-</u>	<u>-</u>
Total contributions	<u>794,755</u>	<u>-</u>	<u>-</u>
Investment earnings:			
Net increase in fair value of investments	4,137	-	-
Interest	<u>163,002</u>	<u>-</u>	<u>-</u>
Net investment earnings	<u>167,139</u>	<u>-</u>	<u>-</u>
Agency fund additions	<u>-</u>	<u>-</u>	<u>230,211,378</u>
Total additions	<u>961,894</u>	<u>-</u>	<u>230,211,378</u>
Deductions:			
Benefits	215,543	-	-
Refunds of contributions	6,185	-	-
Administrative and general	38,457	-	-
Agency fund deductions	<u>-</u>	<u>-</u>	<u>229,933,952</u>
Total deductions	<u>260,185</u>	<u>-</u>	<u>229,933,952</u>
Excess of total additions over total deductions	701,709	-	277,426
Cash and investment fund balance - beginning	<u>3,904,055</u>	<u>28,129</u>	<u>4,510,013</u>
Cash and investment fund balance - ending	<u>\$ 4,605,764</u>	<u>\$ 28,129</u>	<u>\$ 4,787,439</u>

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

KOSCIUSKO 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:	Kosciusko County
Blended Component Unit	Kosciusko County Convention and Visitors' Commission
Discretely Presented Component Unit:	Kosciusko County Solid Waste Management District

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

The Kosciusko County Solid Waste Management District, a discretely presented component unit has 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.

Blended Component Units

A blended component unit is a separate legal entity that meets the component unit criteria. In addition, the blended component unit's governing body is the same or substantially the same as the County's governing body or the component unit provides services entirely to the County. The component unit's funds are blended into those of the County by appropriate fund type to constitute the primary government presentation. The blended component unit is presented below:

<u>Component Unit</u>	<u>Description/Inclusion Criteria</u>	<u>Fund Included In</u>
Kosciusko County Convention and Visitors' Commission	The primary government appoints a voting majority of the Commission's board and a financial benefit/burden relationship exists between the County and the Commission. Although it is legally separate from the County, the Commission is reported as if it were a part of the County because it provides services entirely or almost entirely to the County.	Other governmental

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

KOSCIUSKO COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. However, there are no business-type activities to report at this time.

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 are reported as separate columns in the fund financial statements. However, at this time, the County has not established any enterprise funds.

The County reports the following major governmental funds:

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

The motor vehicle highway fund accounts for all financial resources allocated for maintaining County thoroughfares.

Additionally, the County reports the following fund types:

The internal service fund accounts for medical benefits provided to employees, retirees, and dependents.

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

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the public school corporations within the County.

Agency funds account for assets held by the County as an agent for other governmental entities and individuals and serves as control of accounts for certain cash transactions during the time they are a liability to the County.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary 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.

KOSCIUSKO COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

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 debts arising from cash basis transactions of governmental and proprietary funds are 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.

KOSCIUSKO COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

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

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.

KOSCIUSKO COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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

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. At December 31, 2006, bank balances held at Lake City Bank, First Source Bank and Morgan Stanley in the amount of \$527,924 were uncollateralized. The remaining 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 established an investment policy for the Sheriff's Retirement and Benefit Pension Plan. This investment policy outlines parameters for investment activity for the Sheriff's Pension Plans. As of December 31, 2006, the County had the following investments:

Investment Type	Sheriff's Retirement and Benefit Pension Plan Market Value
U.S. treasuries and securities	\$ 103,218
U.S. agencies	248,406
Mutual funds	1,237,961
Corporate stocks	2,723,249
Corporate bonds	177,236
Total	\$ 4,490,070

KOSCIUSKO COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 investment policy for the Sheriff's Retirement and Benefit Pension Plans was adopted by the Sheriff's Merit Board on March 3, 2005. Authorized investments include everything but the following: short sales, futures contracts, commodities, restricted stock or letter stock, nonmarketable securities except for securities subject to rule 144A, and margin transactions.

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.

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 corporate stocks, corporate bonds, mutual funds, U.S. Treasuries and Securities in the amount of \$4,490,070. These investments are held by the investment's counterparty, not in the name of the Sheriff's Pension Plan.

KOSCIUSKO COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 for the Sheriff's Retirement and Benefit Pension Plans manages interest rate risk by authorizing investments with stated final maturities of less than ten years.

Sheriff's Retirement and Benefit Pension Plans:

Investment Type	Investment Maturities (in Years)		
	Less Than 1	1-2	More Than 2
U.S. treasuries and securities	\$ 8,900	\$ 52,315	\$ 42,003
U.S. agencies	24,820	48,531	175,055
Mutual funds	78,089	6,756	1,153,116
Corporate bonds	6,002	20,471	150,763
Totals	<u>\$ 117,811</u>	<u>\$ 128,073</u>	<u>\$ 1,520,937</u>

Credit Risk

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

Sheriff's Retirement and Benefit Pension Plans:

Standard and Poor's Rating	Moody's Rating	Investments		
		Mutual Funds	Corporate Bonds	U.S. Agencies
AAA	AAA	\$ -	\$ 13,583	\$ 103,230
AA-	AA3	-	7,103	-
A+	AA3	-	12,322	-
A+(+)	AA2	-	4,058	-
AA-	AA1	-	15,891	-
A	A3	-	28,267	-
A+	A2	1,914	19,654	-
A+	A1	3,165	15,291	-
A-	BAA1	-	11,061	-
BBB+	BAA3	8,432	13,384	-
BBB	Baa	2,844	17,052	-
BB	Ba	2,097	11,081	-
B+	Ba3	1,168	2,260	-
B	B	-	3,079	-
Unrated	Unrated	1,218,341	3,150	145,176
Totals		<u>\$ 1,237,961</u>	<u>\$ 177,236</u>	<u>\$ 248,406</u>

KOSCIUSKO COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 adopted the following policy for the concentration of credit risk: no more than 20% of the investment account and total assets in any one industry, no more than 5% of the investment account and total assets in the equity securities of any one issuer, and no more than 5% of the investment account and total assets shall be committed to the fixed income securities of any one issuer at the time of purchase, with the exception of securities issued or guaranteed by the full faith and credit of the United States or AAA-rated securities issued by government sponsored enterprises. More than 5% of the Sheriff's Retirement and Benefit investments are in Dodge & Cox Income Fund, Vanguard Short Term bond Index Fund #132, 1<sup>st</sup> Source Monogram Fund and Dodge & Cox International Stock Fund. These investments represent 8%, 8%, 7% and 5%, respectively, of the total investments.

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.

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 torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees, Retirees, and Dependents

The County has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees, and dependents. The risk financing fund is accounted for in the Employee Key Benefit Plan Self-Insurance 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 \$50,000 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. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

KOSCIUSKO COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Holding Corporation

The County has entered into a capital lease with the Kosciusko County Justice 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 \$1,895,000.

C. 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 on or after attaining age 55 with at least 20 years of service. Currently, one retiree meets these eligibility requirements. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. Disbursements for postemployment benefits cannot be reasonably estimated.

D. 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.

E. 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

KOSCIUSKO 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.

KOSCIUSKO COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Actuarial Information for the Above Plans

	PERF	County Police Retirement Plan	County Police Benefit Plan
Annual required contribution	\$ 419,045	\$ 304,007	\$ 38,258
Interest on net pension obligation	(24,628)	(2,067)	-
Adjustment to annual required contribution	28,065	3,192	-
Annual pension cost	422,482	305,132	38,258
Contributions made	344,971	304,007	38,258
Increase in net pension obligation	77,511	1,125	-
Net pension obligation, beginning of year	(339,691)	(29,525)	-
Net pension obligation, end of year	\$ (262,180)	\$ (28,400)	\$ -

	PERF	County Police Retirement Plan	County Police Benefit Plan
Contribution rates:			
County	4.6%	18.3%	2.2%
Plan members	3%	6%	6%
Actuarial valuation date	07-01-06	01-01-07	01-01-07
Actuarial cost method	Entry age	Entry age	Aggregate
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 actual market value	75% of expected actuarial value plus 25% of actual market value	75% of expected actuarial value plus 25% of actual market value

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%

KOSCIUSKO COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-04	\$ 257,639	130%	\$ (357,267)
	06-30-05	359,916	95%	(339,691)
	06-30-06	422,482	96%	(262,180)
County Police Retirement Plan	12-31-04	280,232	102%	(24,147)
	12-31-05	307,334	102%	(29,525)
	12-31-06	305,132	100%	(28,400)
County Police Benefit Plan	12-31-04	40,297	100%	-
	12-31-05	40,219	100%	-
	12-31-06	38,258	100%	-

KOSCIUSKO 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)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 5,672,136	\$ 5,954,611	\$ (282,475)	95%	\$ 7,349,926	(4%)
07-01-05	5,942,860	6,868,419	(925,559)	87%	7,277,017	(13%)
07-01-06	6,652,744	7,036,264	(383,520)	95%	7,043,147	(5%)

County Police Pension 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)
01-01-02	\$ 3,394,161	\$ 3,499,218	\$ (105,057)	97%	\$ 1,274,518	(8.2)%
01-01-03	3,390,983	3,489,352	(98,369)	97%	1,308,153	(7.5)%
01-01-04	3,478,345	3,570,482	(92,137)	97%	1,445,046	(6.4)%
01-01-05	3,657,726	3,743,194	(85,468)	98%	1,487,054	(5.7)%
01-01-06	4,077,264	4,077,264	-	100%	1,536,681	0.0%
01-01-07	4,557,490	4,557,490	-	100%	1,659,368	0.0%

KOSCIUSKO 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

	Children Psych Res Treatment Services	Alcohol and Drug Services	County Health	Local Road and Street	Property Reassessment	Accident Report	Firearms Training
Receipts:							
Taxes	\$ 270,530	\$ -	\$ 396,907	\$ -	\$ 323,064	\$ -	\$ -
Licenses and permits	-	-	56,228	-	-	-	-
Intergovernmental	33,039	-	45,616	734,446	37,130	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	35,542	57,024	36,170	49,888	66,559	5,799	13,760
Total receipts	<u>339,111</u>	<u>57,024</u>	<u>534,921</u>	<u>784,334</u>	<u>426,753</u>	<u>5,799</u>	<u>13,760</u>
Disbursements:							
General government	-	-	-	-	201,818	-	-
Public safety	-	17,626	-	-	-	7,051	8,920
Highways and streets	-	-	-	724,678	-	-	-
Health and welfare	213,983	-	530,485	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Total disbursements	<u>213,983</u>	<u>17,626</u>	<u>530,485</u>	<u>724,678</u>	<u>201,818</u>	<u>7,051</u>	<u>8,920</u>
Excess (deficiency) of receipts over disbursements	<u>125,128</u>	<u>39,398</u>	<u>4,436</u>	<u>59,656</u>	<u>224,935</u>	<u>(1,252)</u>	<u>4,840</u>
Cash and investment fund balance - beginning	-	95,052	309,893	1,019,188	2,259,765	7,938	4,034
Cash and investment fund balance - ending	<u>\$ 125,128</u>	<u>\$ 134,450</u>	<u>\$ 314,329</u>	<u>\$ 1,078,844</u>	<u>\$ 2,484,700</u>	<u>\$ 6,686</u>	<u>\$ 8,874</u>
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	<u>\$ 125,128</u>	<u>\$ 134,450</u>	<u>\$ 314,329</u>	<u>\$ 1,078,844</u>	<u>\$ 2,484,700</u>	<u>\$ 6,686</u>	<u>\$ 8,874</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Unrestricted	<u>\$ 125,128</u>	<u>\$ 134,450</u>	<u>\$ 314,329</u>	<u>\$ 1,078,844</u>	<u>\$ 2,484,700</u>	<u>\$ 6,686</u>	<u>\$ 8,874</u>

KOSCIUSKO 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)

	Child Advocacy	Cops In School	Surveyor's Corner Perpetuation	Supplemental Adult Probation Services	Supplemental Juvenile Probation Services	County Extradition	Recorder's Records Perpetuation
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	375	-	-	105,236
Fines and forfeits	-	-	-	-	-	-	-
Other	450	-	21,361	121,890	4,483	24,160	-
Total receipts	450	-	21,361	122,265	4,483	24,160	105,236
Disbursements:							
General government	-	-	12,581	-	-	-	195,219
Public safety	-	-	-	95,347	4,529	26,440	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Total disbursements	-	-	12,581	95,347	4,529	26,440	195,219
Excess (deficiency) of receipts over disbursements	450	-	8,780	26,918	(46)	(2,280)	(89,983)
Cash and investment fund balance - beginning	3,975	14,863	65,685	387,598	53,913	59,387	278,538
Cash and investment fund balance - ending	<u>\$ 4,425</u>	<u>\$ 14,863</u>	<u>\$ 74,465</u>	<u>\$ 414,516</u>	<u>\$ 53,867</u>	<u>\$ 57,107</u>	<u>\$ 188,555</u>
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	<u>\$ 4,425</u>	<u>\$ 14,863</u>	<u>\$ 74,465</u>	<u>\$ 414,516</u>	<u>\$ 53,867</u>	<u>\$ 57,107</u>	<u>\$ 188,555</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Unrestricted	<u>\$ 4,425</u>	<u>\$ 14,863</u>	<u>\$ 74,465</u>	<u>\$ 414,516</u>	<u>\$ 53,867</u>	<u>\$ 57,107</u>	<u>\$ 188,555</u>

KOSCIUSKO 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)

	Emergency Telephone System	County Law Enforcement Continuing Education	County User Fee	Local Health Maintenance	Sheriff's Commissary	DNR Grant	Rainy Day
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	66,243	-	48,424	-
Charges for services	597,121	-	-	-	275,944	-	-
Fines and forfeits	-	-	17,622	-	-	-	-
Other	100,449	3,247	-	203	-	-	-
<b>Total receipts</b>	<b>697,570</b>	<b>3,247</b>	<b>17,622</b>	<b>66,446</b>	<b>275,944</b>	<b>48,424</b>	<b>-</b>
Disbursements:							
General government	-	-	18,216	-	-	-	-
Public safety	923,997	4,967	-	-	303,465	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	107,184	-	-	-
Culture and recreation	-	-	-	-	-	41,459	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>923,997</b>	<b>4,967</b>	<b>18,216</b>	<b>107,184</b>	<b>303,465</b>	<b>41,459</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(226,427)	(1,720)	(594)	(40,738)	(27,521)	6,965	-
Cash and investment fund balance - beginning	681,917	4,209	36,558	160,559	69,405	(12,004)	305,756
Cash and investment fund balance - ending	<u>\$ 455,490</u>	<u>\$ 2,489</u>	<u>\$ 35,964</u>	<u>\$ 119,821</u>	<u>\$ 41,884</u>	<u>\$ (5,039)</u>	<u>\$ 305,756</u>
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	<u>\$ 455,490</u>	<u>\$ 2,489</u>	<u>\$ 35,964</u>	<u>\$ 119,821</u>	<u>\$ 41,884</u>	<u>\$ (5,039)</u>	<u>\$ 305,756</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Unrestricted	<u>\$ 455,490</u>	<u>\$ 2,489</u>	<u>\$ 35,964</u>	<u>\$ 119,821</u>	<u>\$ 41,884</u>	<u>\$ (5,039)</u>	<u>\$ 305,756</u>

KOSCIUSKO 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)

	Drainage Maintenance	Law Enforcement Forfeitures	Pretrial Diversion	Misdemeanant	County Drug Free Community	Donation	Anti-Drug Grant
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	371,463	-	49,560	-	-	68,327
Charges for services	-	-	42,114	-	-	-	-
Fines and forfeits	-	-	-	-	82,576	-	-
Other	745,060	736	-	-	596	6,330	-
Total receipts	<u>745,060</u>	<u>372,199</u>	<u>42,114</u>	<u>49,560</u>	<u>83,172</u>	<u>6,330</u>	<u>68,327</u>
Disbursements:							
General government	456,193	-	-	-	-	9,007	-
Public safety	-	345,186	73,855	60,333	79,090	-	43,474
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Total disbursements	<u>456,193</u>	<u>345,186</u>	<u>73,855</u>	<u>60,333</u>	<u>79,090</u>	<u>9,007</u>	<u>43,474</u>
Excess (deficiency) of receipts over disbursements	<u>288,867</u>	<u>27,013</u>	<u>(31,741)</u>	<u>(10,773)</u>	<u>4,082</u>	<u>(2,677)</u>	<u>24,853</u>
Cash and investment fund balance - beginning	<u>680,871</u>	<u>83,119</u>	<u>112,114</u>	<u>20,098</u>	<u>84,588</u>	<u>11,945</u>	<u>2,458</u>
Cash and investment fund balance - ending	<u>\$ 969,738</u>	<u>\$ 110,132</u>	<u>\$ 80,373</u>	<u>\$ 9,325</u>	<u>\$ 88,670</u>	<u>\$ 9,268</u>	<u>\$ 27,311</u>
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	<u>\$ 969,738</u>	<u>\$ 110,132</u>	<u>\$ 80,373</u>	<u>\$ 9,325</u>	<u>\$ 88,670</u>	<u>\$ 9,268</u>	<u>\$ 27,311</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Unrestricted	<u>\$ 969,738</u>	<u>\$ 110,132</u>	<u>\$ 80,373</u>	<u>\$ 9,325</u>	<u>\$ 88,670</u>	<u>\$ 9,268</u>	<u>\$ 27,311</u>

KOSCIUSKO 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)

	Prenatal Care	Emergency Planning and Right to Know	Guardian Ad Litem/Court	Sheriff's Homeland Security	Eradication Grant	Syracuse D.U.I.	Family Violence and Victim Assistance
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	25,723	8,838	13,907	23,682	-	1,950	27,018
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	346	-	-	-	2,009	-
<b>Total receipts</b>	<b>25,723</b>	<b>9,184</b>	<b>13,907</b>	<b>23,682</b>	<b>-</b>	<b>3,959</b>	<b>27,018</b>
Disbursements:							
General government	-	-	13,907	-	-	-	-
Public safety	-	18,117	-	40,189	-	4,359	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	15,320	-	-	-	-	-	29,869
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>15,320</b>	<b>18,117</b>	<b>13,907</b>	<b>40,189</b>	<b>-</b>	<b>4,359</b>	<b>29,869</b>
Excess (deficiency) of receipts over disbursements	10,403	(8,933)	-	(16,507)	-	(400)	(2,851)
Cash and investment fund balance - beginning	12,596	31,011	-	16,507	705	400	(6,460)
Cash and investment fund balance - ending	<u>\$ 22,999</u>	<u>\$ 22,078</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 705</u>	<u>\$ -</u>	<u>\$ (9,311)</u>
<b>Cash and Investment Assets - December 31</b>							
Cash and investments	<u>\$ 22,999</u>	<u>\$ 22,078</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 705</u>	<u>\$ -</u>	<u>\$ (9,311)</u>
<b>Cash and Investment Fund Balance - December 31</b>							
Unrestricted	<u>\$ 22,999</u>	<u>\$ 22,078</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 705</u>	<u>\$ -</u>	<u>\$ (9,311)</u>

KOSCIUSKO 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 Family and Children	Meth Grant	Marijuana Grow Meth Grant	Victim Assistance STOP Grant	Sales Disclosure	Clerk's Records Perpetuation	Well Child
Receipts:							
Taxes	\$ 843,578	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	312,579	-	-	17,755	-	-	40,000
Charges for services	25,728	-	-	-	12,458	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	670,069	-	-	-	12,456	20,890	292
<b>Total receipts</b>	<b>1,851,954</b>	<b>-</b>	<b>-</b>	<b>17,755</b>	<b>24,914</b>	<b>20,890</b>	<b>40,292</b>
Disbursements:							
General government	-	-	-	-	14,798	43,980	-
Public safety	-	-	-	17,754	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	1,374,798	-	-	-	-	-	33,796
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>1,374,798</b>	<b>-</b>	<b>-</b>	<b>17,754</b>	<b>14,798</b>	<b>43,980</b>	<b>33,796</b>
Excess (deficiency) of receipts over disbursements	477,156	-	-	1	10,116	(23,090)	6,496
Cash and investment fund balance - beginning	620,476	86	120	137	36,123	23,090	43,957
Cash and investment fund balance - ending	<u>\$ 1,097,632</u>	<u>\$ 86</u>	<u>\$ 120</u>	<u>\$ 138</u>	<u>\$ 46,239</u>	<u>\$ -</u>	<u>\$ 50,453</u>
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	<u>\$ 1,097,632</u>	<u>\$ 86</u>	<u>\$ 120</u>	<u>\$ 138</u>	<u>\$ 46,239</u>	<u>\$ -</u>	<u>\$ 50,453</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Unrestricted	<u>\$ 1,097,632</u>	<u>\$ 86</u>	<u>\$ 120</u>	<u>\$ 138</u>	<u>\$ 46,239</u>	<u>\$ -</u>	<u>\$ 50,453</u>

KOSCIUSKO 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)

	Prenatal Well Child Medical	Emergency Cleanup	Electronic Map Generation	Tobacco Prevention	Public Mass Transportation	Plat Book	Jury Pay
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	439,196	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	1,343	-	-	22,075	12,600
Total receipts	-	-	1,343	-	439,196	22,075	12,600
Disbursements:							
General government	-	-	4,375	-	439,196	19,223	-
Public safety	-	989	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	34,489	-	-	71,648	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Total disbursements	34,489	989	4,375	71,648	439,196	19,223	-
Excess (deficiency) of receipts over disbursements	(34,489)	(989)	(3,032)	(71,648)	-	2,852	12,600
Cash and investment fund balance - beginning	34,489	989	12,728	71,648	-	38,322	30,332
Cash and investment fund balance - ending	\$ -	\$ -	\$ 9,696	\$ -	\$ -	\$ 41,174	\$ 42,932
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	\$ -	\$ -	\$ 9,696	\$ -	\$ -	\$ 41,174	\$ 42,932
<u>Cash and Investment Fund Balance - December 31</u>							
Unrestricted	\$ -	\$ -	\$ 9,696	\$ -	\$ -	\$ 41,174	\$ 42,932

KOSCIUSKO 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)

	Operation Pull-over	Bioterrorism	PDA/GPS Units	K-Code Strategic Planning	Fuel Reimbursement	State Homeland Security	Beamon Home
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	24,338	89,035	-	-	470	145,919	34,833
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	89,035	-	-	-	-	-
Total receipts	<u>24,338</u>	<u>178,070</u>	<u>-</u>	<u>-</u>	<u>470</u>	<u>145,919</u>	<u>34,833</u>
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	23,189	185,659	-	-	3,070	151,919	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	34,833
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Total disbursements	<u>23,189</u>	<u>185,659</u>	<u>-</u>	<u>-</u>	<u>3,070</u>	<u>151,919</u>	<u>34,833</u>
Excess (deficiency) of receipts over disbursements	<u>1,149</u>	<u>(7,589)</u>	<u>-</u>	<u>-</u>	<u>(2,600)</u>	<u>(6,000)</u>	<u>-</u>
Cash and investment fund balance - beginning	<u>2,929</u>	<u>7,981</u>	<u>1,700</u>	<u>66</u>	<u>2,600</u>	<u>-</u>	<u>-</u>
Cash and investment fund balance - ending	<u>\$ 4,078</u>	<u>\$ 392</u>	<u>\$ 1,700</u>	<u>\$ 66</u>	<u>\$ -</u>	<u>\$ (6,000)</u>	<u>\$ -</u>
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	<u>\$ 4,078</u>	<u>\$ 392</u>	<u>\$ 1,700</u>	<u>\$ 66</u>	<u>\$ -</u>	<u>\$ (6,000)</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Unrestricted	<u>\$ 4,078</u>	<u>\$ 392</u>	<u>\$ 1,700</u>	<u>\$ 66</u>	<u>\$ -</u>	<u>\$ (6,000)</u>	<u>\$ -</u>

KOSCIUSKO 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)

	Center of Hope	Prosecutor Title IV-D	Clerk of the Circuit Court Title IV-D	Tobacco Settlement	Sheriff Sale Administration	Gift	Drug Free Community Grant
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	5,473	-	-	-	-	-	84,687
Charges for services	-	-	-	-	40,075	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	39,856	26,493	32,681	-	12,050	46
<b>Total receipts</b>	<b>5,473</b>	<b>39,856</b>	<b>26,493</b>	<b>32,681</b>	<b>40,075</b>	<b>12,050</b>	<b>84,733</b>
<b>Disbursements:</b>							
General government	-	-	3,768	-	-	15,897	-
Public safety	-	5,745	-	-	28,997	-	90,503
Highways and streets	-	-	-	-	-	-	-
Health and welfare	8,930	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>8,930</b>	<b>5,745</b>	<b>3,768</b>	<b>-</b>	<b>28,997</b>	<b>15,897</b>	<b>90,503</b>
Excess (deficiency) of receipts over disbursements	(3,457)	34,111	22,725	32,681	11,078	(3,847)	(5,770)
Cash and investment fund balance - beginning	3,496	114,188	100,747	32,721	28,119	4,353	-
Cash and investment fund balance - ending	<u>\$ 39</u>	<u>\$ 148,299</u>	<u>\$ 123,472</u>	<u>\$ 65,402</u>	<u>\$ 39,197</u>	<u>\$ 506</u>	<u>\$ (5,770)</u>
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	<u>\$ 39</u>	<u>\$ 148,299</u>	<u>\$ 123,472</u>	<u>\$ 65,402</u>	<u>\$ 39,197</u>	<u>\$ 506</u>	<u>\$ (5,770)</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Unrestricted	<u>\$ 39</u>	<u>\$ 148,299</u>	<u>\$ 123,472</u>	<u>\$ 65,402</u>	<u>\$ 39,197</u>	<u>\$ 506</u>	<u>\$ (5,770)</u>

KOSCIUSKO 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)

	Identification Security Protection	Levy Excess	K-21 Mobile Data	Soil and Water Grant	Convention and Visitors' Commission	Inmate Meals	Industrial Development (Debt Service)
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 410,138	\$ -	\$ 54,134
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	45,797	-	-	331,125	31,330
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	34,468	81,470	-	17,437	-	-	9,257
<b>Total receipts</b>	<b>34,468</b>	<b>81,470</b>	<b>45,797</b>	<b>17,437</b>	<b>410,138</b>	<b>331,125</b>	<b>94,721</b>
Disbursements:							
General government	-	81,470	45,797	17,053	-	-	-
Public safety	-	-	-	-	-	301,981	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	414,067	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	8,925
Capital outlay:							
General government	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>81,470</b>	<b>45,797</b>	<b>17,053</b>	<b>414,067</b>	<b>301,981</b>	<b>8,925</b>
Excess (deficiency) of receipts over disbursements	34,468	-	-	384	(3,929)	29,144	85,796
Cash and investment fund balance - beginning	-	-	-	-	327,158	479	(1,039)
Cash and investment fund balance - ending	<u>\$ 34,468</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 384</u>	<u>\$ 323,229</u>	<u>\$ 29,623</u>	<u>\$ 84,757</u>
<b>Cash and Investment Assets - December 31</b>							
Cash and investments	<u>\$ 34,468</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 384</u>	<u>\$ 323,229</u>	<u>\$ 29,623</u>	<u>\$ 84,757</u>
<b>Cash and Investment Fund Balance - December 31</b>							
Unrestricted	<u>\$ 34,468</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 384</u>	<u>\$ 323,229</u>	<u>\$ 29,623</u>	<u>\$ 84,757</u>

KOSCIUSKO 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 Bridge	Cumulative Capital Development	Cumulative Jail	CEDIT Capital Projects	General Drain Improvement	Totals
<b>Receipts:</b>						
Taxes	\$ 258,452	\$ 798,431	\$ 51,010	\$ 3,065,985	\$ -	\$ 6,472,229
Licenses and permits	-	-	-	-	-	56,228
Intergovernmental	29,704	91,762	6,057	-	-	3,285,426
Charges for services	-	-	-	-	-	1,099,051
Fines and forfeits	-	-	-	-	-	100,198
Other	37,910	139,435	461	112,648	297,087	2,966,121
<b>Total receipts</b>	<b>326,066</b>	<b>1,029,628</b>	<b>57,528</b>	<b>3,178,633</b>	<b>297,087</b>	<b>13,979,253</b>
<b>Disbursements:</b>						
General government	-	-	-	-	-	1,592,498
Public safety	-	-	-	-	-	2,866,751
Highways and streets	-	-	-	-	-	724,678
Health and welfare	-	-	-	-	-	2,455,335
Culture and recreation	-	-	-	-	-	455,526
Debt service:						
Principal	-	-	-	1,385,000	-	1,385,000
Interest	-	-	-	595,838	-	604,763
Capital outlay:						
General government	-	1,049,156	-	2,100	204,423	1,255,679
Public safety	-	-	150,459	-	-	150,459
Highways and streets	444,734	-	-	-	-	444,734
<b>Total disbursements</b>	<b>444,734</b>	<b>1,049,156</b>	<b>150,459</b>	<b>1,982,938</b>	<b>204,423</b>	<b>11,935,423</b>
Excess (deficiency) of receipts over disbursements	(118,668)	(19,528)	(92,931)	1,195,695	92,664	2,043,830
Cash and investment fund balance - beginning	838,995	2,720,312	303,929	5,223,844	137,970	17,619,226
Cash and investment fund balance - ending	<u>\$ 720,327</u>	<u>\$ 2,700,784</u>	<u>\$ 210,998</u>	<u>\$ 6,419,539</u>	<u>\$ 230,634</u>	<u>\$ 19,663,056</u>
<b>Cash and Investment Assets - December 31</b>						
Cash and investments	<u>\$ 720,327</u>	<u>\$ 2,700,784</u>	<u>\$ 210,998</u>	<u>\$ 6,419,539</u>	<u>\$ 230,634</u>	<u>\$ 19,663,056</u>
<b>Cash and Investment Fund Balance - December 31</b>						
Unrestricted	<u>\$ 720,327</u>	<u>\$ 2,700,784</u>	<u>\$ 210,998</u>	<u>\$ 6,419,539</u>	<u>\$ 230,634</u>	<u>\$ 19,663,056</u>

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

	County Hospital Care for the Indigent	Medical Assistance to Wards	Children With Special Health Care Needs	Mortgage Fees State Share	Overweight Vehicle Fees	Dog Fund	Sub-division Escrow
Additions:							
Agency fund additions	\$ 254,390	\$ 20,347	\$ 50,870	\$ 12,423	\$ 200	\$ 17,064	\$ 29,490
Deductions:							
Agency fund deductions	254,390	20,347	50,870	12,589	200	11,515	21,400
Excess (deficiency) of total additions over total deductions	-	-	-	(166)	-	5,549	8,090
Cash and investment fund balance - beginning	-	-	-	1,118	-	-	23,950
Cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ 952	\$ -	\$ 5,549	\$ 32,040

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

	Coroner's Training and Continuing Ed.	Welfare Trust	City and Town Court Costs	Congressional School Interest	Weed Cutting	Surplus Tax Sale
Additions:						
Agency fund additions	\$ 4,559	\$ 34,221	\$ 24,986	\$ 1,216	\$ 1,278	\$ 1,364,718
Deductions:						
Agency fund deductions	4,380	45,566	24,829	1,125	1,278	1,356,467
Excess (deficiency) of total additions over total deductions	179	(11,345)	157	91	-	8,251
Cash and investment fund balance - beginning	61	37,652	1,719	14,558	-	1,216,466
Cash and investment fund balance - ending	<u>\$ 240</u>	<u>\$ 26,307</u>	<u>\$ 1,876</u>	<u>\$ 14,649</u>	<u>\$ -</u>	<u>\$ 1,224,717</u>

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

	Tax Sale Redemption	Surplus Tax	State Fair Board	State Fines and Forfeitures	State Forestry Tax	Sewage Collections
Additions:						
Agency fund additions	\$ 186,094	\$ 122,019	\$ 41,030	\$ 136,327	\$ 82,060	\$ 71,620
Deductions:						
Agency fund deductions	186,748	427,301	41,030	136,799	82,060	71,620
Excess (deficiency) of total additions over total deductions	(654)	(305,282)	-	(472)	-	-
Cash and investment fund balance - beginning	(11)	630,943	-	24,724	-	-
Cash and investment fund balance - ending	<u>\$ (665)</u>	<u>\$ 325,661</u>	<u>\$ -</u>	<u>\$ 24,252</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Recorder's Refund	Infraction Judgments	Inheritance Tax	Payroll	PERF	Deferred Compensation
Additions:						
Agency fund additions	\$ 22	\$ 161,932	\$ 2,239,383	\$ 12,674,518	\$ 242,327	\$ 66,976
Deductions:						
Agency fund deductions	5	204,748	1,755,715	12,681,191	236,754	66,976
Excess (deficiency) of total additions over total deductions	17	(42,816)	483,668	(6,673)	5,573	-
Cash and investment fund balance - beginning	430	87,858	429,602	12,961	61,582	-
Cash and investment fund balance - ending	<u>\$ 447</u>	<u>\$ 45,042</u>	<u>\$ 913,270</u>	<u>\$ 6,288</u>	<u>\$ 67,155</u>	<u>\$ -</u>

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

	<u>Garnishment</u>	<u>Special Death Benefit</u>	<u>Education Plate Fees</u>	<u>CEDIT Agency</u>	<u>COIT Agency</u>	<u>Convention and Tourism</u>
Additions:						
Agency fund additions	\$ 104,685	\$ 9,145	\$ 2,682	\$ 4,771,222	\$ 11,120,689	\$ 382,323
Deductions:						
Agency fund deductions	104,685	9,110	2,344	4,771,222	11,120,689	390,138
Excess (deficiency) of total additions over total deductions	-	35	338	-	-	(7,815)
Cash and investment fund balance - beginning	-	720	-	-	-	22,688
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 755</u>	<u>\$ 338</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,873</u>

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

	Direct Deposit Clearing	Tax Distribution	Riverboat Revenue Sharing	Prosecuting Attorney	Sheriff	Surveyor
Additions:						
Agency fund additions	\$ 5,751,707	\$ 83,047,847	\$ 466,026	\$ 23,425	\$ 1,466,240	\$ -
Deductions:						
Agency fund deductions	5,751,707	83,047,847	466,026	24,141	1,466,240	-
Excess (deficiency) of total additions over total deductions	-	-	-	(716)	-	-
Cash and investment fund balance - beginning	-	-	-	2,386	-	50
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,670</u>	<u>\$ -</u>	<u>\$ 50</u>

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

	Clerk of the Circuit Court	Sheriff's Inmate Trust	Treasurer	Probation	Clerk Sheriff Pension	Total
Additions:						
Agency fund additions	<u>\$ 9,837,542</u>	<u>\$ 1,108,227</u>	<u>\$ 94,008,677</u>	<u>\$ 255,713</u>	<u>\$ 15,158</u>	<u>\$ 230,211,378</u>
Deductions:						
Agency fund deductions	<u>9,390,466</u>	<u>1,101,933</u>	<u>94,330,732</u>	<u>260,769</u>	<u>-</u>	<u>229,933,952</u>
Excess (deficiency) of total additions over total deductions	447,076	6,294	(322,055)	(5,056)	15,158	277,426
Cash and investment fund balance - beginning	<u>904,651</u>	<u>9,756</u>	<u>1,018,150</u>	<u>7,999</u>	<u>-</u>	<u>4,510,013</u>
Cash and investment fund balance - ending	<u>\$ 1,351,727</u>	<u>\$ 16,050</u>	<u>\$ 696,095</u>	<u>\$ 2,943</u>	<u>\$ 15,158</u>	<u>\$ 4,787,439</u>

KOSCIUSKO COUNTY  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS

As Of 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 and buildings	\$ 38,023,868
Infrastructure	42,051,289
Machinery and equipment	4,906,854
Construction in progress	<u>500,000</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 85,482,011</u>

KOSCIUSKO 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 lease:		
Justice building	\$ 12,030,000	\$ 675,000
Bonds payable:		
Tax increment financing bonds		
Redevelopment	<u>350,000</u>	<u>80,000</u>
Total governmental activities long-term debt	<u>\$ 12,380,000</u>	<u>\$ 755,000</u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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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 KOSCIUSKO COUNTY, INDIANA

Compliance

We have audited the compliance of Kosciusko 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 noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied in all material respects with the requirements referred to above that are applicable to 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.

This report is intended solely for the information and 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 a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

July 25, 2007

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

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
Public Safety Partnership and Community Policing Grants	16.710	2003UMWX0041	\$ 40,188
Pass-Through Indiana Criminal Justice Institute			
Crime Victim Assistance	16.575		
		03VA70	3,195
		04VA76	262
		05VA61	20,607
		05VA62	25,707
		05VA63	8,432
		05VA157	5,473
		06VA63	5,475
		06VA64	9,261
		06VA65	9,127
Total for program			<u>87,539</u>
Motor Vehicle Theft Protection Act Program	16.597		
		04-DB-022	31,168
		05-DJ-025	12,307
Total for program			<u>43,475</u>
Total for federal grantor agency			<u>171,202</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Criminal Justice Institute			
Federal Transit Cluster			
Federal Transit - Formula Grants	20.507	1802304C	349,895
State and Community Highway Safety	20.600		
		PT-06-04-07-21	23,189
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601		
		J8-06-03-08-08	84,733
		J8-2006-04-04-01	17,755
		154 AL 07-02-02-07	5,770
Total for program			<u>108,258</u>
Safety Incentive Grants for Use of Seatbelts	20.604		
		06-04-08-01	3,070
Total for federal grantor agency			<u>484,412</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through Indiana Department of Health			
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	BPRS 142-2	7,590
Pass-Through Indiana Department of Children's Services			
Child Support Enforcement	93.563		
County Prosecutor's Expenditures			244,015
County Clerk's Expenditures			16,712
Collection Incentives			92,840
Indirect Costs			76,572
Total for program			<u>430,139</u>
Pass-Through Indiana Department of Health			
Maternal and Child Health Services Block Grant to the States	93.994	MCH 142-2	15,321
Total for federal grantor agency			<u>453,050</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security			
State Homeland Security Grant Program	97.067	Terrorism Prevention	7,615
Law Enforcement Terrorism Prevention Program	97.074		
		Kosciusko - 2005 LETPP	89,035
Total for federal grantor agency			<u>96,650</u>
Total federal awards expended			<u>\$ 1,205,314</u>

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

KOSCIUSKO 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 Kosciusko 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. Subrecipient

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

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount</u>
Federal Transit - Formula Grants	20.507	<u>\$ 349,895</u>

KOSCIUSKO 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? no

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
93.563	Child Support Enforcement

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

KOSCIUSKO COUNTY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

KOSCIUSKO COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 25, 2007, with Sue Ann Mitchell, Auditor; and Ron Robinson, Administrator. Our audit disclosed no material items that warrant comment at this time.