

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

ANNUAL FINANCIAL REPORT

2005

MARTIN COUNTY, INDIANA



FILED

08/25/2006

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Frances K. Taylor	01-01-05 to 12-31-08
Treasurer	Vicki D. Boyd	01-01-05 to 12-31-08
Clerk	Debra Christmas Linda Nolan John R. Hunt	05-17-02 to 01-03-06 01-04-06 to 03-24-06 03-24-06 to 12-31-07
Sheriff	Anthony J. Dant	01-01-03 to 12-31-06
Recorder	Diana Schutte	01-01-05 to 12-31-08
President of the Board of County Commissioners	William L. Sanders Michael D. Dant	01-01-05 to 04 12-05 04-13-05 to 12-31-06
President of the County Council	Randy L. Winger C. Richard Summers	01-01-05 to 12-31-05 01-01-06 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF MARTIN COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Martin County (County), as of and for the year ended December 31, 2005, 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 basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

In our opinion, except that the omission of the component units of the County referred to in the preceding paragraph results in incomplete presentation, the financial statements referred to above present fairly, in all material respects, the respective cash balances of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2005, 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 June 28, 2006, 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 a required part 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

June 28, 2006



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF MARTIN COUNTY, INDIANA

We have audited the financial statements of Martin County (County), as of and for the year ended December 31, 2005, and have issued our report thereon dated June 28, 2006. The opinion to the financial statements was qualified due to the omission of a number of component units of the County, 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.

Compliance

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 grants, 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

June 28, 2008

MARTIN COUNTY
STATEMENT OF CASH ACTIVITIES AND NET ASSETS - CASH BASIS
For The Year Ended December 31, 2005

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipt and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:				
Governmental activities:				
General government	\$ 3,074,002	\$ 48,774	\$ 304,594	\$ (2,720,634)
Public safety	2,066,123	1,013,835	119,603	(932,685)
Highways and streets	1,968,251	23,525	1,153,710	(791,016)
Health and welfare	545,387	84,098	140,303	(320,986)
Economic development	36,069	12,000	505,118	481,049
Interest on long-term debt	50,621	-	-	(50,621)
Total primary government	<u>\$ 7,740,453</u>	<u>\$ 1,182,232</u>	<u>\$ 2,223,328</u>	<u>(4,334,893)</u>
General receipts:				
Property taxes				1,185,639
Other local sources				726,208
Other revenue				971,685
Unrestricted investment earnings				<u>204,491</u>
Total general receipts				<u>3,088,023</u>
Change in net assets				(1,246,870)
Net assets - beginning				<u>5,104,450</u>
Net assets - ending				<u>\$ 3,857,580</u>
<u>Assets</u>				
Cash and cash equivalents				\$ 177,877
Restricted assets:				
Cash and cash equivalents				<u>3,679,703</u>
Total assets				<u>\$ 3,857,580</u>
<u>Net Assets</u>				
Restricted for:				
Highway and streets				\$ 1,084,844
Debt service				197,497
Other purposes				2,397,362
Unrestricted				<u>177,877</u>
Total net assets				<u>\$ 3,857,580</u>

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

MARTIN 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, 2005

	General	County Highway	Property Reassessment	County Family and Children	Cumulative Bridge	Other Governmental Funds	Totals
Receipts:							
Taxes	\$ 1,231,596	\$ -	\$ 115,429	\$ 78,263	\$ 42,372	\$ 163,976	\$ 1,631,636
Intergovernmental	166,670	1,045,148	12,369	26,230	14,591	1,335,110	2,600,118
Charges for services	311,941	23,525	-	-	-	470,465	805,931
Fines and forfeits	54,818	-	-	-	-	10,440	65,258
Other	487,267	605,091	41,552	110,186	11,205	135,339	1,390,640
Total receipts	2,252,292	1,673,764	169,350	214,679	68,168	2,115,330	6,493,583
Disbursements:							
General government	1,875,176	-	132,205	-	-	737,621	2,745,002
Public safety	1,256,757	-	-	-	-	809,366	2,066,123
Highways and streets	-	1,682,728	-	-	19,357	-	1,702,085
Health and welfare	-	-	-	289,818	-	203,224	493,042
Urban redevelopment and housing	-	-	-	-	-	36,069	36,069
Debt service:							
Principal	-	-	-	-	-	329,000	329,000
Interest	-	-	-	-	-	50,621	50,621
Capital outlay:							
Highways and streets	-	27,356	-	-	155,820	82,990	266,166
Total disbursements	3,131,933	1,710,084	132,205	289,818	175,177	2,248,891	7,688,108
Deficiency of revenue under disbursements	(879,641)	(36,320)	37,145	(75,139)	(107,009)	(133,561)	(1,194,525)
Other financing sources (uses)							
Transfers in	-	-	-	-	-	75,000	75,000
Transfers out	-	-	(75,000)	-	-	-	(75,000)
Total other financing sources (uses)	-	-	(75,000)	-	-	75,000	-
Deficiency of receipts and other financing sources under disbursements and other financing uses	(879,641)	(36,320)	(37,855)	(75,139)	(107,009)	(58,561)	(1,194,525)
Cash basis fund balance - beginning	836,673	589,683	547,005	837,829	556,016	1,631,580	4,998,786
Cash basis fund balance - ending	\$ (42,968)	\$ 553,363	\$ 509,150	\$ 762,690	\$ 449,007	\$ 1,573,019	\$ 3,804,261
Amounts reported for governmental activities in the Statement of Net Assets 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 Net Assets.							
							53,319
Net assets of governmental activities							\$ 3,857,580
Cash Basis Assets - December 31							
Cash and cash equivalents	\$ (42,968)	\$ -	\$ -	\$ -	\$ -	\$ 220,845	\$ 177,877
Restricted assets:							
Cash and cash equivalents	-	553,363	509,150	762,690	449,007	1,352,174	3,626,384
Total cash basis assets - December 31	\$ (42,968)	\$ 553,363	\$ 509,150	\$ 762,690	\$ 449,007	\$ 1,573,019	\$ 3,804,261
Cash Basis Fund Balance - December 31							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,001	\$ 16,001
Other purposes	-	553,363	509,150	762,690	449,007	1,336,173	3,610,383
Unrestricted	(42,968)	-	-	-	-	220,845	177,877
Total cash basis fund balance - December 31	\$ (42,968)	\$ 553,363	\$ 509,150	\$ 762,690	\$ 449,007	\$ 1,573,019	\$ 3,804,261

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

MARTIN COUNTY
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUNDS
As of and for the Year Ended December 31, 2005

	Internal Service Funds
Operating receipts:	
Charges for services	\$ 817,561
Operating disbursements:	
Insurance benefits	<u>869,906</u>
Deficiency of receipts under disbursements	<u>(52,345)</u>
Cash basis fund balance - beginning	<u>105,664</u>
Cash basis fund balance - ending	<u><u>\$ 53,319</u></u>
 <u>Cash Basis Assets - December 31</u>	
Restricted assets:	
Cash and cash equivalents	<u><u>\$ 53,319</u></u>
 <u>Cash Basis Fund Balance - December 31</u>	
Restricted for:	
Other purposes	<u><u>\$ 53,319</u></u>

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

MARTIN COUNTY
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2005

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Employer	\$ 94,431	\$ -	\$ -
Plan members	6,260	-	-
	<u>100,691</u>	<u>-</u>	<u>-</u>
Total contributions			
Investment earnings:			
Net (decrease) in fair value of investments	128,899	-	-
Interest	3,870	-	-
Dividends	7,597	-	-
	<u>140,366</u>	<u>-</u>	<u>-</u>
Total investment earnings			
Net investment earnings	<u>140,366</u>	<u>-</u>	<u>-</u>
Agency fund additions	<u>-</u>	<u>-</u>	<u>36,319,897</u>
Total additions	<u>241,057</u>	<u>-</u>	<u>36,319,897</u>
Deductions:			
Benefits	43,266	-	-
Agency fund deductions	-	-	39,232,421
	<u>43,266</u>	<u>-</u>	<u>39,232,421</u>
Total deductions			
Excess (deficiency) of total additions over (under) total deductions	197,791	-	(2,912,524)
Cash and cash equivalents - beginning	<u>800,502</u>	<u>12,957</u>	<u>5,115,150</u>
Cash and cash equivalents - ending	<u>\$ 998,293</u>	<u>\$ 12,957</u>	<u>\$ 2,202,626</u>

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

MARTIN 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: Martin County

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

The county's management has chosen to omit various component units which have significant operational or financial relationships with the county from these financial statements. Accordingly, the financial statements do not include the data of all of the County's component units necessary to fairly present the financial position of the County.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures /expenses. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

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

The county highway fund receives distributions from the state as allocated by Indiana Code 8-14-1-3. The state motor vehicle account receives collections from motor vehicle registration fees, licenses, driver's and chauffeur's license fees, gasoline taxes, auto transfer fees, certificate of title fees, weight taxes or excise taxes and all other similar taxes, duties or excises of all kinds

MARTIN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

on motor vehicles, trailers, motor vehicle fuel or motor vehicle owners or operators per Indiana Code 8-14-1-1. Funds are used for the construction, reconstruction, maintenance, or repair of the county highways. They may also be used for the purchase, rental, and repair of highway equipment, painting of bridges and acquisition of highway rights of way and the purchase of fuel oil, and supplies necessary to the performance of construction, reconstruction and maintenance of highways.

The cumulative bridge fund receives collections from the taxes that the county levies on the assessed valuation of all taxable personal and real property within the county. The taxes collected are used for the cost of construction, maintenance, and repair of bridges, approaches, and grade separation in the county.

The family and children fund accounts for the financial resources of the county, which are restricted for welfare programs.

The property reassessment fund accounts for the financial resources of the county, which are restricted for reassessment of property valuations.

Additionally, the County reports the following major proprietary fund:

The internal service fund, health insurance fund, is used to collect the portion of the county employees' payroll that is withheld for insurance, as well as, the amount appropriated by various county offices/departments for insurance. The money collected is used to pay administrative fees and insurance claims.

Additionally, the County reports the following fund types:

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

The private-purpose trust fund reports a trust arrangement under which principal benefits the County's school corporations.

Agency funds account for assets held by the County as an agent for various other governmental units within the County; and the State, and serve as control of accounts for certain cash transactions during the time they are a liability to the County.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash 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 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.

MARTIN 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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The County has elected not to follow subsequent private-sector guidance.

The effect of interfund activity has been eliminated from the government-wide financial statements.

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.

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 Fund Balances

1. Cash and Cash Equivalents

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with an original maturity of three months or less.

2. Capital Assets

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

3. Long-Term Debt

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

4. Equity Classification

Government-Wide Statements

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

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

MARTIN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

Fund Financial Statements

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

E. Receipts and Disbursements

1. Program Receipts

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

2. Operating Receipts and Disbursements

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.

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 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:

MARTIN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

1. 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 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.
2. Primary government and component unit activity and balances – Resource flows between the primary government and the discretely-presented component units are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

On or before August 31, the fiscal officer of the County submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the County receives approval of the Indiana Department of Local Government Finance.

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

B. Cash Balance Deficits

At December 31, 2005, the following funds reported deficits in cash, which are violations of State statute:

Fund	2005
General	\$ (42,968)
PHC-2006	(7,512)
Cops Grant	(875)

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

MARTIN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. All deposit balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. The Sheriff's Merit Board has not established an investment policy for the Sheriff's Retirement and Benefit Pension Plan. As of December 31, 2005, the County had the following investments:

Investment Type	Sheriff's Retirement and Benefit Pension Plans
U.S. Treasuries and securities	\$ 82,780
U.S. Agencies	17,541
Mutual funds	51,749
Corporate bonds	86,593
Common stocks	635,910
Total	\$ 874,573

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

MARTIN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

by a federal agency, a federal instrumentality, or a federal government sponsored enterprise; or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

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

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

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The County does not have a formal investment policy for custodial credit risk for investments. The Sheriff's Merit Board has not adopted an investment policy for custodial credit risk for investments. At December 31, 2005, the Sheriff's Retirement and Benefit Pension Plans held investments in common stocks, U.S. Treasury bonds, Other Federal Agency bonds, corporate bonds and mutual funds in the amount of \$874,573. Of these investments all \$874,573 were held by the party's trust department or agent but not in the County's name.

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.

Investment Type	Investment Maturities (in Years)		
	Less Than 1	1-2	More Than 2
U.S. Treasuries and securities	\$ 24,504	\$ 13,382	\$ 44,894
U.S. Agencies	-	6,038	11,503
Mutual bond funds	-	-	51,749
Corporate bonds	3,021	1,005	82,567
Corporate stocks	635,910	-	-
Totals	<u>\$ 663,435</u>	<u>\$ 20,425</u>	<u>\$ 190,713</u>

MARTIN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Standard and Poor's Rating	Moody's Rating	Martin County's Investments			
		Mutual Funds	Corporate Bonds	Government Sponsored Enterprise	Corporate Stocks
AAA	Aaa	\$ 51,749	\$ -	\$ 100,321	\$ -
AA	Aa	-	4,556	-	-
A	A	-	23,074	-	-
BBB	Baa	-	26,001	-	-
BB	Ba	-	10,423	-	-
B	B	-	8,203	-	-
Unrated	Unrated	-	14,336	-	635,910
Totals		<u>\$ 51,749</u>	<u>\$ 86,593</u>	<u>\$ 100,321</u>	<u>\$ 635,910</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County does not have a policy in regards to concentration of credit risk. The Sheriff's Merit Board has not adopted a policy for the concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2005, were as follows:

Transfer From	Transfer To	2005
Property Reassessment 2010	Property Reassessment	<u>\$ 75,000</u>

The County typically uses transfers to fund ongoing operating subsidies and to transfer the portion of state-shared revenues from the General Fund to the debt service fund for current-year debt service requirements.

IV. Other Information

A. Risk Management

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

MARTIN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. The risk financing fund is accounted for in the Health 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 \$25,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Amounts are paid into the fund by all funds with payrolls 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 fund's gross wages, and are reported as quasi-external interfund transactions.

Job Related Illnesses and Injuries

During 1998, the County joined together with other governmental entities to form the Indiana Public Employers' Plan, Inc. a public entity risk pool currently operating as a common risk management and insurance program for member governmental entities. This risk pool was formed in 1989. The purpose of the risk pool is to provide a medium for the funding and administration of workers' compensation claims. The County pays an annual premium to the risk pool for its employees. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$1,000,000 limit.

B. Holding Corporations

The County has entered into a capital lease with Martin County Security Building Corporation (the lessor). The lessor was organized as a 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 \$345,000.

C. Administration of Welfare Programs

The County is required to provide certain funding for administrative costs of welfare programs, the Hospital Care for 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.

MARTIN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Pension Plans

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

a. Public Employees' Retirement Fund

Plan Description

The County contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in 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

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.

Information to segregate the assets/liabilities and the actuarial study figures between the County and the Utilities is not available.

b. 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.

MARTIN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

c. County Police Benefit Plan

Plan Description

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

Funding Policy and Annual Pension Cost

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

Actuarial Information for the Above Plans

	PERF	County Police Retirement Plan	County Police Benefit Plan
Annual required contribution	\$ 56,349	\$ 88,623	\$ 5,292
Interest on net pension obligation	(3,986)	2,435	-
Adjustment to annual required contribution	4,542	(3,273)	-
Annual pension cost	56,905	87,785	5,292
Contributions made	71,774	88,623	-
Decrease in net pension obligation	(14,869)	(838)	5,292
Net pension obligation, beginning of year	(54,975)	34,787	-
Net pension obligation, end of year	\$ (69,844)	\$ 33,949	\$ 5,292

MARTIN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

	PERF	County Police Retirement Plan	County Police Benefit Plan
Contribution rates:			
County	6%	29%	3%
Plan members	3%	6%	6%
Actuarial valuation date	07-01-04	01-01-04	01-01-04
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	40 years	40 years	40 years
Amortization period (from date)	07-01-97	12-31-97	12-31-97
Asset valuation method	4 year smoothed market	4 year smoothed market	4 year smoothed market

<u>Actuarial Assumptions</u>	<u>PERF</u>	<u>County Police Retirement Plan</u>	<u>County Police Benefit Plan</u>
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%

Three Year Trend Information

	<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PERF	06-30-03	\$ 63,331	100%	\$ (31,955)
	06-30-04	45,372	151%	(54,975)
	06-30-05	56,905	158%	(69,844)
County Police Retirement Plan	12-31-02	74,900	68%	35,871
	12-31-03	83,620	101%	34,787
	12-31-04	87,785	101%	33,949
County Police Benefit Plan	12-31-02	5,026	100%	-
	12-31-03	5,507	100%	-
	12-31-04	5,292	100%	-

MARTIN 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)
07-01-03	\$ 934,790	\$ 937,271	\$ (2,481)	100%	\$ 1,025,970	(0%)
07-01-04	964,973	1,018,912	(53,939)	95%	1,172,319	(5%)
07-01-05	1,021,813	1,082,328	(60,515)	94%	1,289,518	(5%)

County Police Pension Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess Assets Over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
10-01-00	\$ 585,385	\$ 585,385	-	100%	\$ 226,679	0%
10-01-01	648,521	648,521	-	100%	227,304	0%
10-01-02	685,319	685,319	-	100%	260,013	0%
10-01-03	748,524	748,524	-	100%	258,601	0%
10-01-04	819,122	819,122	-	100%	256,367	0%
10-01-05	998,293	998,293	-	100%	242,031	0%

MARTIN 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, 2005

	County Health	Local Road and Street	Property Reassess- ment 2010	Accident Report	Firearms Training	Arson Investigation	County Surveyor's Corner Perpetuation	Probation User's Fees
Receipts:								
Taxes	\$ 908	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	2,323	108,562	-	-	-	-	-	-
Charges for services	4,732	-	-	275	-	-	3,353	37,315
Fines and forfeits	-	-	-	-	1,400	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	7,963	108,562	-	275	1,400	-	3,353	37,315
Disbursements:								
General government	-	-	-	-	-	-	-	-
Public safety	-	-	-	35	296	-	14,467	45,473
Health and welfare	31,285	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay:								
Highways and streets	-	82,990	-	-	-	-	-	-
Total disbursements	31,285	82,990	-	35	296	-	14,467	45,473
Excess (deficiency) of revenue over (under) disbursements	(23,322)	25,572	-	240	1,104	-	(11,114)	(8,158)
Other financing sources								
Transfers in	-	-	75,000	-	-	-	-	-
Total other financing sources (uses)	-	-	75,000	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(23,322)	25,572	75,000	240	1,104	-	(11,114)	(8,158)
Cash basis fund balance - beginning	25,800	56,902	-	1,460	1,764	297	30,038	37,574
Cash basis fund balance - ending	\$ 2,478	\$ 82,474	\$ 75,000	\$ 1,700	\$ 2,868	\$ 297	\$ 18,924	\$ 29,416
Cash Basis Assets - December 31								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:								
Cash and cash equivalents	2,478	82,474	75,000	1,700	2,868	297	18,924	29,416
Total cash basis assets - December 31	\$ 2,478	\$ 82,474	\$ 75,000	\$ 1,700	\$ 2,868	\$ 297	\$ 18,924	\$ 29,416
Cash Basis Fund Balance - December 31								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	2,478	82,474	75,000	1,700	2,868	297	18,924	29,416
Unrestricted	-	-	-	-	-	-	-	-
Total cash basis fund balance - December 31	\$ 2,478	\$ 82,474	\$ 75,000	\$ 1,700	\$ 2,868	\$ 297	\$ 18,924	\$ 29,416

MARTIN 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, 2005
 (Continued)

	Adult Probation Services	Criminal Justice Grants	Recorder's Records Perpetuation	County Law Enforcement Education	County User Fee	Health Maintenance	Emergency Planning	County Drug Free Community
Receipts:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	8,061	-	-	-	20,000	-	-
Charges for services	9,810	-	12,351	-	104,303	-	-	17,656
Fines and forfeits	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>9,810</u>	<u>8,061</u>	<u>12,351</u>	<u>-</u>	<u>104,303</u>	<u>20,000</u>	<u>-</u>	<u>17,656</u>
Disbursements:								
General government	-	-	6,522	-	-	-	-	-
Public safety	-	19,977	-	-	100,980	-	-	4,326
Health and welfare	-	-	-	-	-	20,000	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay:								
Highways and streets	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>19,977</u>	<u>6,522</u>	<u>-</u>	<u>100,980</u>	<u>20,000</u>	<u>-</u>	<u>4,326</u>
Excess (deficiency) of revenue over (under) disbursements	<u>9,810</u>	<u>(11,916)</u>	<u>5,829</u>	<u>-</u>	<u>3,323</u>	<u>-</u>	<u>-</u>	<u>13,330</u>
Other financing sources								
Transfers in	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	<u>9,810</u>	<u>(11,916)</u>	<u>5,829</u>	<u>-</u>	<u>3,323</u>	<u>-</u>	<u>-</u>	<u>13,330</u>
Cash basis fund balance - beginning	<u>5,545</u>	<u>14,540</u>	<u>36,186</u>	<u>333</u>	<u>110,229</u>	<u>5,000</u>	<u>13,137</u>	<u>18,664</u>
Cash basis fund balance - ending	<u>\$ 15,355</u>	<u>\$ 2,624</u>	<u>\$ 42,015</u>	<u>\$ 333</u>	<u>\$ 113,552</u>	<u>\$ 5,000</u>	<u>\$ 13,137</u>	<u>\$ 31,994</u>
<u>Cash Basis Assets - December 31</u>								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:								
Cash and cash equivalents	<u>15,355</u>	<u>2,624</u>	<u>42,015</u>	<u>333</u>	<u>113,552</u>	<u>5,000</u>	<u>13,137</u>	<u>31,994</u>
Total cash basis assets - December 31	<u>\$ 15,355</u>	<u>\$ 2,624</u>	<u>\$ 42,015</u>	<u>\$ 333</u>	<u>\$ 113,552</u>	<u>\$ 5,000</u>	<u>\$ 13,137</u>	<u>\$ 31,994</u>
<u>Cash Basis Fund Balance - December 31</u>								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	<u>15,355</u>	<u>2,624</u>	<u>42,015</u>	<u>333</u>	<u>113,552</u>	<u>5,000</u>	<u>13,137</u>	<u>31,994</u>
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash basis fund balance - December 31	<u>\$ 15,355</u>	<u>\$ 2,624</u>	<u>\$ 42,015</u>	<u>\$ 333</u>	<u>\$ 113,552</u>	<u>\$ 5,000</u>	<u>\$ 13,137</u>	<u>\$ 31,994</u>

MARTIN 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, 2005
 (Continued)

	Plat Book	County Misdemeanor	Supplemental Public Defender	Drainage Maintenance Upper Boggs	County Medical Co-Payment	Sheriff's Continuing Education	Community Corrections	Project Income
Receipts:								
Taxes	\$ -	\$ -	\$ -	\$ 1,241	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	7,507	-	-	-	-	125,028	-
Charges for services	1,580	-	-	-	17,913	-	-	117,497
Fines and forfeits	-	-	9,040	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	1,580	7,507	9,040	1,241	17,913	-	125,028	117,497
Disbursements:								
General government	-	-	-	-	-	-	-	-
Public safety	-	5,408	8,784	-	-	-	290,267	25,221
Health and welfare	-	-	-	-	16,158	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay:								
Highways and streets	-	-	-	-	-	-	-	-
Total disbursements	-	5,408	8,784	-	16,158	-	290,267	25,221
Excess (deficiency) of revenue over (under) disbursements	1,580	2,099	256	1,241	1,755	-	(165,239)	92,276
Other financing sources								
Transfers in	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	1,580	2,099	256	1,241	1,755	-	(165,239)	92,276
Cash basis fund balance - beginning	12,394	12,716	4,243	5,329	5,972	591	169,496	-
Cash basis fund balance - ending	<u>\$ 13,974</u>	<u>\$ 14,815</u>	<u>\$ 4,499</u>	<u>\$ 6,570</u>	<u>\$ 7,727</u>	<u>\$ 591</u>	<u>\$ 4,257</u>	<u>\$ 92,276</u>
Cash Basis Assets - December 31								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:								
Cash and cash equivalents	13,974	14,815	4,499	6,570	7,727	591	4,257	92,276
Total cash basis assets - December 31	<u>\$ 13,974</u>	<u>\$ 14,815</u>	<u>\$ 4,499</u>	<u>\$ 6,570</u>	<u>\$ 7,727</u>	<u>\$ 591</u>	<u>\$ 4,257</u>	<u>\$ 92,276</u>

MARTIN 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, 2005
 (Continued)

	Sheriff's Commissary	Tobacco Grant	Prosecutor's Service Charge Fee	Jury Duty	Prosecutor's IV-D	Prosecutor's Title IV-D	Clerk's IV-D	Clerk's Records Perpetuation
Receipts:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	19,751	-	-	-	-	-	-
Charges for services	-	-	5,142	-	-	9,950	9,951	2,309
Fines and forfeits	-	-	-	-	-	-	-	-
Other	83,218	-	-	3,370	-	-	-	-
Total receipts	83,218	19,751	5,142	3,370	-	9,950	9,951	2,309
Disbursements:								
General government	-	-	5,603	2,500	-	-	-	2,700
Public safety	73,764	-	-	-	1,539	805	-	-
Health and welfare	-	19,750	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay:								
Highways and streets	-	-	-	-	-	-	-	-
Total disbursements	73,764	19,750	5,603	2,500	1,539	805	-	2,700
Excess (deficiency) of revenue over (under) disbursements	9,454	1	(461)	870	(1,539)	9,145	9,951	(391)
Other financing sources								
Transfers in	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	9,454	1	(461)	870	(1,539)	9,145	9,951	(391)
Cash basis fund balance - beginning	7,644	6,569	22,659	2,832	10,170	-	7,573	3,406
Cash basis fund balance - ending	<u>\$ 17,098</u>	<u>\$ 6,570</u>	<u>\$ 22,198</u>	<u>\$ 3,702</u>	<u>\$ 8,631</u>	<u>\$ 9,145</u>	<u>\$ 17,524</u>	<u>\$ 3,015</u>
Cash Basis Assets - December 31								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:								
Cash and cash equivalents	17,098	6,570	22,198	3,702	8,631	9,145	17,524	3,015
Total cash basis assets - December 31	\$ 17,098	\$ 6,570	\$ 22,198	\$ 3,702	\$ 8,631	\$ 9,145	\$ 17,524	\$ 3,015
Cash Basis Fund Balance - December 31								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	17,098	6,570	22,198	3,702	8,631	9,145	17,524	3,015
Unrestricted	-	-	-	-	-	-	-	-
Total cash basis fund balance - December 31	\$ 17,098	\$ 6,570	\$ 22,198	\$ 3,702	\$ 8,631	\$ 9,145	\$ 17,524	\$ 3,015

MARTIN 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, 2005
 (Continued)

	Community Transition Program	County Sales Disclosure	Riverboat Revenue Sharing	Bio- terrorism	Brownfield Grant	Child Psychiatric Treatment	Domestic Preparedness	Emergency Telephone System
Receipts:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,667	\$ -	\$ -
Intergovernmental	1,615	-	65,384	11,000	-	4,797	-	67,273
Charges for services	-	1,096	-	-	-	-	-	110,089
Fines and forfeits	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	20,729
Total receipts	1,615	1,096	65,384	11,000	-	49,464	-	198,091
Disbursements:								
General government	-	-	23,654	-	-	-	-	-
Public safety	-	-	-	17,594	52,748	-	245	129,703
Health and welfare	3,908	-	-	-	-	69,122	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay:								
Highways and streets	-	-	-	-	-	-	-	-
Total disbursements	3,908	-	23,654	17,594	52,748	69,122	245	129,703
Excess (deficiency) of revenue over (under) disbursements	(2,293)	1,096	41,730	(6,594)	(52,748)	(19,658)	(245)	68,388
Other financing sources								
Transfers in	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(2,293)	1,096	41,730	(6,594)	(52,748)	(19,658)	(245)	68,388
Cash basis fund balance - beginning	6,460	3,814	18,855	14,068	52,748	30,236	245	91,912
Cash basis fund balance - ending	<u>\$ 4,167</u>	<u>\$ 4,910</u>	<u>\$ 60,585</u>	<u>\$ 7,474</u>	<u>\$ -</u>	<u>\$ 10,578</u>	<u>\$ -</u>	<u>\$ 160,300</u>
Cash Basis Assets - December 31								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:								
Cash and cash equivalents	4,167	4,910	60,585	7,474	-	10,578	-	160,300
Total cash basis assets - December 31	\$ 4,167	\$ 4,910	\$ 60,585	\$ 7,474	\$ -	\$ 10,578	\$ -	\$ 160,300
Cash Basis Fund Balance - December 31								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	4,167	4,910	60,585	7,474	-	10,578	-	160,300
Unrestricted	-	-	-	-	-	-	-	-
Total cash basis fund balance - December 31	\$ 4,167	\$ 4,910	\$ 60,585	\$ 7,474	\$ -	\$ 10,578	\$ -	\$ 160,300

MARTIN 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, 2005
 (Continued)

	Emergency Operation Plan Grant	Homeland Security	Housing Authority	Probation Juvenile Administration	Probation User - Juvenile	Sheriff's Grants	Guardian Ad Litem	Rainy Day
Receipts:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	-	1,500	-	-
Charges for services	-	-	-	575	3,245	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	575	3,245	1,500	-	-
Disbursements:								
General government	-	-	-	-	-	-	-	95,835
Public safety	352	13,384	-	-	1,069	289	-	-
Health and welfare	-	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	11,999	-	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay:								
Highways and streets	-	-	-	-	-	-	-	-
Total disbursements	352	13,384	11,999	-	1,069	289	-	95,835
Excess (deficiency) of revenue over (under) disbursements	(352)	(13,384)	(11,999)	575	2,176	1,211	-	(95,835)
Other financing sources								
Transfers in	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(352)	(13,384)	(11,999)	575	2,176	1,211	-	(95,835)
Cash basis fund balance - beginning	352	13,384	11,999	1,445	4,475	-	2,024	325,067
Cash basis fund balance - ending	\$ -	\$ -	\$ -	\$ 2,020	\$ 6,651	\$ 1,211	\$ 2,024	\$ 229,232
<u>Cash Basis Assets - December 31</u>								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 229,232
Restricted assets:								
Cash and cash equivalents	-	-	-	2,020	6,651	1,211	2,024	-
Total cash basis assets - December 31	\$ -	\$ -	\$ -	\$ 2,020	\$ 6,651	\$ 1,211	\$ 2,024	\$ 229,232
<u>Cash Basis Fund Balance - December 31</u>								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	2,020	6,651	1,211	2,024	-
Unrestricted	-	-	-	-	-	-	-	229,232
Total cash basis fund balance - December 31	\$ -	\$ -	\$ -	\$ 2,020	\$ 6,651	\$ 1,211	\$ 2,024	\$ 229,232

MARTIN 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, 2005
 (Continued)

	Buy Money	Build Indiana	Hoosier Safety Program	Middleway House Grant	Mortgage Fee Fund	Mosquito Control	Public Health Coordinator	Crane North Planning
Receipts:								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	750	22,000	1,690	29,883	-	2,414	33,075	430,370
Charges for services	-	-	-	-	1,323	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>750</u>	<u>22,000</u>	<u>1,690</u>	<u>29,883</u>	<u>1,323</u>	<u>2,414</u>	<u>33,075</u>	<u>430,370</u>
Disbursements:								
General government	-	22,000	-	-	513	-	-	430,370
Public safety	235	-	1,530	-	-	-	-	-
Health and welfare	-	-	-	-	-	2,414	40,587	-
Urban redevelopment and housing	-	-	-	24,070	-	-	-	-
Debt service:								
Principal	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Capital outlay:								
Highways and streets	-	-	-	-	-	-	-	-
Total disbursements	<u>235</u>	<u>22,000</u>	<u>1,530</u>	<u>24,070</u>	<u>513</u>	<u>2,414</u>	<u>40,587</u>	<u>430,370</u>
Excess (deficiency) of revenue over (under) disbursements	<u>515</u>	<u>-</u>	<u>160</u>	<u>5,813</u>	<u>810</u>	<u>-</u>	<u>(7,512)</u>	<u>-</u>
Other financing sources								
Transfers in	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	<u>515</u>	<u>-</u>	<u>160</u>	<u>5,813</u>	<u>810</u>	<u>-</u>	<u>(7,512)</u>	<u>-</u>
Cash basis fund balance - beginning	<u>1,141</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash basis fund balance - ending	<u>\$ 1,656</u>	<u>\$ -</u>	<u>\$ 160</u>	<u>\$ 5,813</u>	<u>\$ 810</u>	<u>\$ -</u>	<u>\$ (7,512)</u>	<u>\$ -</u>
<u>Cash Basis Assets - December 31</u>								
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (7,512)	\$ -
Restricted assets:								
Cash and cash equivalents	<u>1,656</u>	<u>-</u>	<u>160</u>	<u>5,813</u>	<u>810</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash basis assets - December 31	<u>\$ 1,656</u>	<u>\$ -</u>	<u>\$ 160</u>	<u>\$ 5,813</u>	<u>\$ 810</u>	<u>\$ -</u>	<u>\$ (7,512)</u>	<u>\$ -</u>
<u>Cash Basis Fund Balance - December 31</u>								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	<u>1,656</u>	<u>-</u>	<u>160</u>	<u>5,813</u>	<u>810</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,512)</u>	<u>-</u>
Total cash basis fund balance - December 31	<u>\$ 1,656</u>	<u>\$ -</u>	<u>\$ 160</u>	<u>\$ 5,813</u>	<u>\$ 810</u>	<u>\$ -</u>	<u>\$ (7,512)</u>	<u>\$ -</u>

MARTIN 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, 2005
 (Continued)

	Crane North Economic Development	Nonreverting Voting	Cops Grant	Cumulative Voting System	Security Center	Courthouse Debt Service	Cumulative Capital Development	Totals Other Governmental Funds
Receipts:								
Taxes	\$ -	\$ -	\$ -	\$ 14,955	\$ 72,296	\$ -	\$ 29,909	\$ 163,976
Intergovernmental	52,748	70,925	-	5,150	233,004	-	10,300	1,335,110
Charges for services	-	-	-	-	-	-	-	470,465
Fines and forfeits	-	-	-	-	-	-	-	10,440
Other	-	-	-	994	-	26,178	850	135,339
Total receipts	52,748	70,925	-	21,099	305,300	26,178	41,059	2,115,330
Disbursements:								
General government	46,587	-	-	75,159	-	-	26,178	737,621
Public safety	-	-	875	-	-	-	-	809,366
Health and welfare	-	-	-	-	-	-	-	203,224
Urban redevelopment and housing	-	-	-	-	-	-	-	36,069
Debt service:								
Principal	-	-	-	-	310,000	19,000	-	329,000
Interest	-	-	-	-	39,444	11,177	-	50,621
Capital outlay:								
Highways and streets	-	-	-	-	-	-	-	82,990
Total disbursements	46,587	-	875	75,159	349,444	30,177	26,178	2,248,891
Excess (deficiency) of revenue over (under) disbursements	6,161	70,925	(875)	(54,060)	(44,144)	(3,999)	14,881	(133,561)
Other financing sources								
Transfers in	-	-	-	-	-	-	-	75,000
Total other financing sources (uses)	-	-	-	-	-	-	-	75,000
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	6,161	70,925	(875)	(54,060)	(44,144)	(3,999)	14,881	(58,561)
Cash basis fund balance - beginning	-	-	-	108,282	171,418	20,000	124,592	1,631,580
Cash basis fund balance - ending	\$ 6,161	\$ 70,925	\$ (875)	\$ 54,222	\$ 127,274	\$ 16,001	\$ 139,473	\$ 1,573,019
Cash Basis Assets - December 31								
Cash and cash equivalents	\$ -	\$ -	\$ (875)	\$ -	\$ -	\$ -	\$ -	\$ 220,845
Restricted assets:								
Cash and cash equivalents	6,161	70,925	-	54,222	127,274	16,001	139,473	1,352,174
Total cash basis assets - December 31	\$ 6,161	\$ 70,925	\$ (875)	\$ 54,222	\$ 127,274	\$ 16,001	\$ 139,473	\$ 1,573,019
Cash Basis Fund Balance - December 31								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,001	\$ -	\$ 16,001
Other purposes	6,161	70,925	-	54,222	127,274	-	139,473	1,336,173
Unrestricted	-	-	(875)	-	-	-	-	220,845
Total cash basis fund balance - December 31	\$ 6,161	\$ 70,925	\$ (875)	\$ 54,222	\$ 127,274	\$ 16,001	\$ 139,473	\$ 1,573,019

MARTIN COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2005

	Inheritance Tax	Interstate Compact Fee	County Hospital Care for Indigent	Medical Assistance to Wards	Children With Special Needs	Tax Sale Surplus	State Fees
Additions:							
Agency fund additions	\$ 30,467	\$ 150	\$ 183,698	\$ 90,673	\$ 26,665	\$ 37,258	\$ 13,610
Deductions:							
Agency fund deductions	<u>28,272</u>	<u>75</u>	<u>185,726</u>	<u>91,418</u>	<u>27,010</u>	<u>6,741</u>	<u>10,802</u>
Excess (deficiency) of total additions over (under) total deductions	2,195	75	(2,028)	(745)	(345)	30,517	2,808
Cash and cash equivalents - beginning	<u>4,948</u>	<u>-</u>	<u>2,028</u>	<u>745</u>	<u>345</u>	<u>1,416</u>	<u>3,765</u>
Cash and cash equivalents - ending	<u><u>\$ 7,143</u></u>	<u><u>\$ 75</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 31,933</u></u>	<u><u>\$ 6,573</u></u>

MARTIN COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2005
 (Continued)

	<u>Surplus Tax</u>	<u>Congressional Interest</u>	<u>Surplus Dog Tax</u>	<u>County Sheriff</u>	<u>Tax Distribution Replacement and Homestead</u>	<u>Tax Distribution Auditor's Ledger</u>	<u>Tax Distribution</u>
Additions:							
Agency fund additions	\$ 11,556	\$ 1,412	\$ 637	\$ 487,144	\$ 371,664	\$ 3,592	\$ 17,145,604
Deductions:							
Agency fund deductions	<u>10,130</u>	<u>259</u>	<u>637</u>	<u>487,144</u>	<u>368,504</u>	<u>-</u>	<u>17,145,604</u>
Excess (deficiency) of total additions over (under) total deductions	1,426	1,153	-	-	3,160	3,592	-
Cash and cash equivalents - beginning	<u>1,654</u>	<u>2,938</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents - ending	<u>\$ 3,080</u>	<u>\$ 4,091</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,160</u>	<u>\$ 3,592</u>	<u>\$ -</u>

MARTIN COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2005
 (Continued)

	Payroll With- holdings	County Payroll	Clerk of the Circuit Court	Welfare Trust	Sheriff Inmate Trust	County Recorder	County Treasurer
Additions:							
Agency fund additions	<u>\$ 1,106,256</u>	<u>\$ 653,422</u>	<u>\$ 1,762,841</u>	<u>\$ 7,949</u>	<u>\$ 77,938</u>	<u>\$ 46,629</u>	<u>\$ 14,093,393</u>
Deductions:							
Agency fund deductions	<u>1,106,256</u>	<u>657,828</u>	<u>1,656,255</u>	<u>13,264</u>	<u>77,190</u>	<u>46,177</u>	<u>17,156,846</u>
Excess (deficiency) of total additions over (under) total deductions	-	(4,406)	106,586	(5,315)	748	452	(3,063,453)
Cash and cash equivalents - beginning	<u>-</u>	<u>31,708</u>	<u>266,290</u>	<u>8,893</u>	<u>389</u>	<u>3,147</u>	<u>4,781,711</u>
Cash and cash equivalents - ending	<u>\$ -</u>	<u>\$ 27,302</u>	<u>\$ 372,876</u>	<u>\$ 3,578</u>	<u>\$ 1,137</u>	<u>\$ 3,599</u>	<u>\$ 1,718,258</u>

MARTIN COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2005
 (Continued)

	State Settlement	Probation Department	Community Corrections	Tax Sale Redemption	County Prosecutor	Total
Additions:						
Agency fund additions	\$ 1,384	\$ 51,015	\$ 58,407	\$ 6,212	\$ 50,321	\$ 36,319,897
Deductions:						
Agency fund deductions	-	51,095	54,136	762	50,290	39,232,421
Excess (deficiency) of total additions over (under) total deductions	1,384	(80)	4,271	5,450	31	(2,912,524)
Cash and cash equivalents - beginning	1,455	2,360	1,358	-	-	5,115,150
Cash and cash equivalents - ending	<u>\$ 2,839</u>	<u>\$ 2,280</u>	<u>\$ 5,629</u>	<u>\$ 5,450</u>	<u>\$ 31</u>	<u>\$ 2,202,626</u>

MARTIN COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended December 31, 2005

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 completed in the current and prior year have been reported. Infrastructure assets have been reported since January 1, 2004. Retroactive reporting of general infrastructure assets is not required.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 34,500
Infrastructure	315,865
Buildings	4,268,652
Machinery and equipment	<u>3,024,711</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 7,643,728</u></u>

MARTIN COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For The Year Ended December 31, 2005

CAPITAL LEASES

The Unit type has entered into the following capital leases:

<u>Description of Asset</u>	<u>Present Value of Net Minimum Lease Payments</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Security center	\$ 1,745,000	\$ 966,211	\$ 315,000
		<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:			
Notes and loans payable	\$ 221,093	\$ 144,559	
Bonds payable:			
General obligation bonds:			
2000 Courthouse general obligation bonds	<u>116,000</u>	<u>10,000</u>	
Total governmental activities long-term debt	<u>\$ 337,093</u>	<u>\$ 154,559</u>	

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

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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 MARTIN COUNTY, INDIANA

Compliance

We have audited the compliance of the Martin 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, 2005. 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; 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, 2005.

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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.

June 28, 2006

STATE BOARD OF ACCOUNTS

MARTIN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2005

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Indiana Department of Commerce Community Development Block Grants/State's Program Crane North Demolition Project	14.228	ID-04-001	\$ 427,370
Total for federal grantor agency			<u>427,370</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Pass-Through Indiana Criminal Justice Institute Crime Victim Assistance	16.575		
Middle Way House - FY 03-04		04-VA-114	15,760
Middle Way House - FY 04-05		05-VA-094	5,812
Victim's Assistance - FY 03-04		04-VA-113	8,787
Victim's Assistance - FY 04-05		04-VA-093	<u>2,880</u>
Total for program			<u>33,239</u>
Pass-Through Indiana University Public Safety Partnership and Community Policing Grants Car Seat Inspection	16.710	L001	<u>290</u>
Total for federal grantor agency			<u>33,529</u>
<u>U.S. ELECTION ASSISTANCE COMMISSION</u>			
Pass-Through Indiana Secretary of State Help America Vote Act Voting Machine Reimbursement	90.400		<u>70,925</u>
Total for federal grantor agency			<u>70,925</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through Indiana Family and Social Services Administration Child Support Enforcement	93.563		
Clerk's Incentive			6,331
Prosecutor's Incentive			58,402
Indirect Costs			<u>12,860</u>
Total for program			<u>77,593</u>
Pass-Through Indiana State Department of Health Preventive Health and Health Services Block Grant West Nile Project	93.991		<u>2,414</u>
Total for federal grantor agency			<u>80,007</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Emergency Management Agency Homeland Security Grant Program FY 2004-2005	97.004		<u>13,384</u>
Public Assistance Grants Snow Removal	97.036	DR 1573	<u>6,388</u>
Total for federal grantor agency			<u>19,772</u>
Total federal awards expended			<u>\$ 631,603</u>

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

MARTIN COUNTY
NOTE 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 the Martin 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.

MARTIN 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
14.228	Community Development Block Grants/State's Program

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

MARTIN COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

MARTIN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 28, 2006, with Frances K. Taylor, Auditor; Michael D. Dant, President of the Board of County Commissioners; and C. Richard Summers, President of the County Council.