

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

ANNUAL FINANCIAL REPORT

2006

MARSHALL COUNTY, INDIANA



FILED
09/26/2007

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Jan A. Quivey	01-01-04 to 12-31-07
Treasurer	Penny Lukenbill	01-01-05 to 12-31-08
Clerk	Jan Fisher	01-01-05 to 12-31-08
Sheriff	Robert E. Ruff Jon VanVactor	01-01-03 to 12-31-06 01-01-07 to 12-31-10
Recorder	Betty Engle	01-01-03 to 12-31-10
President of the Board of County Commissioners	Kevin Overmyer	01-01-06 to 12-31-07
President of the County Council	J. Frederick Lintner	01-01-06 to 12-31-07



STATE OF INDIANA
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INDIANAPOLIS, INDIANA 46204-2769

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

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

TO: THE OFFICIALS OF MARSHALL COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Marshall 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, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2006, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated September 6, 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, and Budgetary Comparison Schedules, 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 that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

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

STATE BOARD OF ACCOUNTS

September 6, 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 MARSHALL COUNTY, INDIANA

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Marshall County (County), as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 6, 2007. The opinions to the financial statements were qualified due to the omission of a component unit of Marshall County which results in an incomplete presentation of the basic financial statements. 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

September 6, 2007

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

Functions/Programs	Disbursements	Program Receipts			Net (Disbursement) Receipt and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government:					
Governmental activities:					
General government	\$ 7,921,167	\$ 1,141,344	\$ 1,413,874	\$ 51,117	\$ (5,314,832)
Public safety	5,480,032	597,863	588,290	-	(4,293,879)
Highways and streets	4,385,405	-	-	3,787,574	(597,831)
Health and welfare	4,626,210	41,544	1,152,662	-	(3,432,004)
Culture and recreation	368,224	-	-	-	(368,224)
Total primary government	\$ 22,781,038	\$ 1,780,751	\$ 3,154,826	\$ 3,838,691	(14,006,770)
General receipts:					
					8,736,399
					2,752,253
					1,910,575
					177,655
					160,278
					1,250,729
					1,052,962
					<u>16,040,851</u>
					2,034,081
					<u>14,213,371</u>
					<u>\$ 16,247,452</u>
<u>Assets</u>					
Cash and investments					<u>\$ 16,247,452</u>
<u>Net Assets</u>					
Unrestricted					<u>\$ 16,247,452</u>

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

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

	General	County Highway	County Family and Children	Correctional Facility CAGIT	Other Governmental Funds	Totals
Receipts:						
Taxes	\$ 7,393,961	\$ -	\$ 2,226,658	\$ 1,910,575	\$ 2,045,688	\$ 13,576,882
Licenses and permits	-	-	-	-	47,225	47,225
Intergovernmental	1,351,408	3,259,491	900,529	-	1,642,367	7,153,795
Charges for services	202,699	-	-	-	551,145	753,844
Fines and forfeits	305,986	-	-	-	358,243	664,229
Other	1,498,277	114,757	92,554	-	829,605	2,535,193
Total receipts	10,752,331	3,374,248	3,219,741	1,910,575	5,474,273	24,731,168
Disbursements:						
General government	6,324,147	-	-	-	886,345	7,210,492
Public safety	2,217,465	-	-	2,065,549	1,197,018	5,480,032
Highways and streets	-	2,640,282	-	-	1,421,376	4,061,658
Health and welfare	317,520	-	3,598,292	-	710,398	4,626,210
Culture and recreation	119,713	-	-	-	248,511	368,224
Capital outlay:						
General government	-	-	-	-	637,953	637,953
Highways and streets	-	-	-	-	323,747	323,747
Total disbursements	8,978,845	2,640,282	3,598,292	2,065,549	5,425,348	22,708,316
Excess (deficiency) of receipts over disbursements	1,773,486	733,966	(378,551)	(154,974)	48,925	2,022,852
Other financing sources (uses):						
Transfers in	211,626	-	40,763	-	162,627	415,016
Transfers out	(23,413)	-	-	-	(391,603)	(415,016)
Total other financing sources (uses)	188,213	-	40,763	-	(228,976)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,961,699	733,966	(337,788)	(154,974)	(180,051)	2,022,852
Cash and investment fund balance - beginning	2,127,635	673,952	1,146,509	1,848,875	8,404,012	14,200,983
Cash and investment fund balance - ending	\$ 4,089,334	\$ 1,407,918	\$ 808,721	\$ 1,693,901	\$ 8,223,961	16,223,835
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.						
						23,617
Net assets of governmental activities						<u>\$ 16,247,452</u>
Cash and Investment Assets - December 31						
Cash and investments	\$ 4,089,334	\$ 1,407,918	\$ 808,721	\$ 1,693,901	\$ 8,223,961	\$ 16,223,835
Cash and Investment Fund Balance - December 31						
Unrestricted	\$ 4,089,334	\$ 1,407,918	\$ 808,721	\$ 1,693,901	\$ 8,223,961	\$ 16,223,835

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

MARSHALL 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

	<u>Internal Service Fund</u>
Operating receipts:	
Charges for services	\$ 83,951
Operating disbursements:	
General government	<u>72,722</u>
Excess of operating receipts over operating disbursements	11,229
Cash and investment fund balance - beginning	<u>12,388</u>
Cash and investment fund balance - ending	<u>\$ 23,617</u>
<u>Cash and Investment Assets - December 31</u>	
Cash and investments	<u>\$ 23,617</u>
<u>Cash and Investment Fund Balance - December 31</u>	
Unrestricted	<u>\$ 23,617</u>

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

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

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Employer	\$ 166,961	\$ -	\$ -
Plan members	26,524	-	-
Other	8,259	-	-
Total contributions	201,744	-	-
Investment earnings:			
Net increase in fair value of investments	85,267	-	-
Interest	120,803	-	-
Dividends	42,813	-	-
Total investment earnings	248,883	-	-
Less investment disbursements	(13,924)	-	-
Net investment earnings	234,959	-	-
Agency fund additions	-	-	133,761,626
Total additions	436,703	-	133,761,626
Deductions:			
Benefits	90,853	-	-
Administrative and general	21,612	-	-
Agency fund deductions	-	-	134,977,041
Total deductions	112,465	-	134,977,041
Excess (deficiency) of total additions over total deductions	324,238	-	(1,215,415)
Cash and investment fund balance - beginning	3,879,176	21,223	3,626,493
Cash and investment fund balance - ending	\$ 4,203,414	\$ 21,223	\$ 2,411,078

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

MARSHALL 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: Marshall County

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

The Marshall County Solid Waste Management District, a component unit of the primary government, 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.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

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

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 accounts for all financial resources allocated for maintaining County thoroughfares.

MARSHALL COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

The county family and children fund accounts for all the financial resources allocated for the social services needs of County residents.

The correctional facility CAGIT fund accounts for expenditures related to the construction of the new County Corrections facility. Financing is provided by an additional County adjusted gross income tax.

The County reports the following major proprietary fund:

The internal service fund accounts for dental health benefits provided to County employees and dependents.

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 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 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 and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

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

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

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

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

MARSHALL COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Capital Assets

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

3. Long-Term Debt

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

4. Equity Classification

Government-Wide Statements

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

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

It is the County's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available. The County has no restricted net assets.

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.

MARSHALL COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds and the similar discretely presented component unit 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.

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.

MARSHALL COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, the bank balance held at 1st Source Bank in the amount of \$316,814 was 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 Plans
U.S. treasuries and securities	\$ 303,060
Government sponsored enterprises	1,018,251
Mutual funds	1,239,664
Corporate bonds	1,325,625
Total	\$ 3,886,600

Investment Policies

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

MARSHALL COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Sheriff's Merit Board 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 U.S. Treasuries, Government Sponsored Enterprises, Mutual Funds and Corporate Bonds in the amount of \$3,886,600. Of these investments \$3,886,600 are held by the investment's counterparty, not in the name of the Sheriff's Pension Plan.

Interest Rate Risk

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

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

MARSHALL COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Sheriff's Retirement and Benefit Pension Plans:

Investment Type	Investment Maturities (in Years)		
	Less Than 1	1-2	More Than 2
U.S. treasuries and securities	\$ -	\$ -	\$ 303,060
Government sponsored enterprises	96,856	102,200	819,195
Mutual funds	1,239,664	-	-
Corporate bonds	365,156	209,764	750,705
Totals	<u>\$ 1,701,676</u>	<u>\$ 311,964</u>	<u>\$ 1,872,960</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	County's Investments		
		Government Sponsored Enterprise	Mutual Funds	Corporate Bonds
AAA	Aaa	\$ 1,018,251	\$ -	\$ 541,581
AA	Aa	-	-	316,264
A	A	-	-	467,780
Unrated	Unrated	-	1,239,664	-
Totals		<u>\$ 1,018,251</u>	<u>\$ 1,239,664</u>	<u>\$ 1,325,625</u>

Concentration of Credit Risk

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

The Sheriff's Merit Board has not adopted a policy for the concentration of credit risk. More than 5% of the Sheriff's Retirement and Benefit investments are in the Federal Home Loan Bank and Federal Home Loan Mortgage Corporation. These investments represent 12% and 11%, respectively, of the total investments.

MARSHALL COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Interfund Transfers

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

Transfer From	Transfer To	2006
General Fund	Other governmental	\$ 23,413
Other governmental	General Fund	211,626
Other governmental	County Family and Children	40,763
Other governmental	Other governmental	139,214
 Total		 \$ 415,016

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

IV. Other Information

A. Risk Management

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

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

Dental Health

The County has chosen to establish a risk financing fund for risks associated with dental health. The risk financing fund is accounted for in the Dental Reimbursement Fund, an internal service fund, where assets are set aside for claim settlements. 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 affected fund and are reported as quasi-external interfund transactions.

Job Related Illnesses or Injuries to Employees

During 1992, the County joined with other governmental entities to form the Indiana Public Employers Plan, a public entity risk pool currently operating as a common risk management and insurance program for several member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of claims for job related illnesses or injuries to employees. The County pays an annual premium to the risk pool. 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.

MARSHALL COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Holding Corporation

The County has entered into a capital lease with the Marshall County Holding Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the County. The lessor has been determined to be a related party of the County. The County will make the first lease payment in July 2008.

C. Conduit Debt Obligation

In 2000, the County issued Economic Development Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of economic development facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the County, the State, nor any political subdivision thereof is obligated in any manner for the repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying notes to the financial statements.

As of December 31, 2006, there was one series of Economic Development Revenue Bonds outstanding with an original issue principal amount of \$25,000,000.

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:

MARSHALL COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Funding Policy and Annual Pension Cost

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

2. County Police Retirement Plan

Plan Description

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

Funding Policy and Annual Pension Cost

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

3. County Police Benefit Plan

Plan Description

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

Funding Policy and Annual Pension Cost

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

MARSHALL COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plans

	PERF	County Police Retirement Plan	County Police Benefit Plan
Annual required contribution	\$ 248,319	\$ 157,697	\$ 16,916
Interest on net pension obligation	(21,747)	(554)	-
Adjustment to annual required contribution	24,783	1,162	-
Annual pension cost	251,355	158,305	16,916
Contributions made	238,359	151,111	16,916
Increase in net pension obligation	12,996	7,194	-
Net pension obligation, beginning of year	(299,964)	(8,518)	-
Net pension obligation, end of year	<u>\$ (286,968)</u>	<u>\$ (1,324)</u>	<u>\$ -</u>

	PERF	County Police Retirement Plan	County Police Benefit Plan
Contribution rates:			
County	4.38%	19.45%	2.09%
Plan members	3%	3%	None
Actuarial valuation date	07-01-06	01-01-07	01-01-07
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	40 years	40 years	40 years
Amortization period (from date)	07-01-97	12-31-97	12-31-97
Asset valuation method	4 year smoothed market	4 year smoothed market	4 year smoothed market

Actuarial Assumptions

Investment rate of return	7.25%	6.5%	6.5%
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%

MARSHALL COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Three Year Trend Information

	<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PERF	06-30-04	\$ 163,594	144%	\$ (286,175)
	06-30-05	227,219	147%	(299,964)
	06-30-06	251,355	105%	(286,968)
County Police Retirement Plan	12-31-04	142,251	105%	3,949
	12-31-05	143,341	109%	(8,518)
	12-31-06	158,305	105%	(1,324)
County Police Benefit Plan	12-31-04	15,787	100%	-
	12-31-05	15,481	100%	-
	12-31-06	16,916	100%	-

MARSHALL COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 5,007,801	\$ 4,858,290	\$ 149,511	103%	\$ 5,263,382	3%
07-01-05	5,198,137	5,249,067	(50,930)	99%	5,193,788	(1%)
07-01-06	5,804,635	5,678,128	126,507	102%	5,593,701	2%

County Police Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Assets Over 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	\$ 2,838,823	\$ 2,838,823	-	100%	\$ 754,255	0%
01-01-03	3,021,993	3,429,912	(407,919)	88%	732,172	(56%)
01-01-04	3,320,432	3,708,265	(387,833)	90%	801,270	(48%)
01-01-05	3,556,769	3,929,458	(372,689)	91%	789,460	(47%)
01-01-06	3,770,988	4,209,214	(438,226)	90%	827,478	(53%)
01-01-07	4,182,751	4,617,343	(434,592)	91%	810,687	(54%)

MARSHALL COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2006

	General				County Highway			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final			Original	Final		
Revenues:								
Taxes:								
Property	\$ 7,393,961	\$ 7,393,961	\$ 7,393,961	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	1,351,408	1,351,408	1,351,408	-	3,259,491	3,259,491	3,259,491	-
Charges for services	202,699	202,699	202,699	-	-	-	-	-
Fines and forfeits	305,986	305,986	305,986	-	-	-	-	-
Other	1,498,277	1,498,277	1,498,277	-	114,757	114,757	114,757	-
Total revenues	10,752,331	10,752,331	10,752,331	-	3,374,248	3,374,248	3,374,248	-
Expenditures:								
Current:								
General government	5,961,462	6,653,790	6,324,147	(329,643)	-	-	-	-
Public safety	2,273,291	2,322,749	2,217,465	(105,284)	-	-	-	-
Highways and streets	-	-	-	-	3,053,542	3,195,691	2,640,282	(555,409)
Health and welfare	317,520	317,520	317,520	-	-	-	-	-
Culture and recreation	117,483	124,912	119,713	(5,199)	-	-	-	-
Total expenditures	8,669,756	9,418,971	8,978,845	(440,126)	3,053,542	3,195,691	2,640,282	(555,409)
Other financing sources (uses):								
Operating transfers in	-	-	211,626	211,626	-	-	-	-
Operating transfers out	-	-	(23,413)	(23,413)	-	-	-	-
Total other financing sources (uses)	-	-	188,213	188,213	-	-	-	-
Net change in fund balances	2,082,575	1,333,360	1,961,699	628,339	320,706	178,557	733,966	555,409
Fund balances - beginning	2,127,635	2,127,635	2,127,635	-	673,952	673,952	673,952	-
Fund balances - December 31	\$ 4,210,210	\$ 3,460,995	\$ 4,089,334	\$ 628,339	\$ 994,658	\$ 852,509	\$ 1,407,918	\$ 555,409

MARSHALL COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULES
GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2006
(Continued)

	County Family and Children			
	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 2,226,658	\$ 2,226,658	\$ 2,226,658	\$ -
Intergovernmental	900,529	900,529	900,529	-
Charges for services	-	-	-	-
Fines and forfeits	-	-	-	-
Other	<u>92,554</u>	<u>92,554</u>	<u>92,554</u>	<u>-</u>
Total revenues	<u>3,219,741</u>	<u>3,219,741</u>	<u>3,219,741</u>	<u>-</u>
Expenditures:				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Highways and streets	-	-	-	-
Health and welfare	3,568,250	3,660,051	3,598,292	(61,759)
Culture and recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>3,568,250</u>	<u>3,660,051</u>	<u>3,598,292</u>	<u>(61,759)</u>
Other financing sources (uses):				
Operating transfers in	-	-	40,763	40,763
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>40,763</u>	<u>40,763</u>
Net change in fund balances	(348,509)	(440,310)	(337,788)	102,522
Fund balances - beginning	<u>1,146,509</u>	<u>1,146,509</u>	<u>1,146,509</u>	<u>-</u>
Fund balances - December 31	<u>\$ 798,000</u>	<u>\$ 706,199</u>	<u>\$ 808,721</u>	<u>\$ 102,522</u>

MARSHALL 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

	2006 Property Reassessment	Health	LRS	Identification Security Protection	Accident Report	Firearms Training	Pretrial Diversion
Receipts:							
Taxes	\$ 245,137	\$ 274,644	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	38,815	-	-	-	8,410	-
Intergovernmental	27,466	82,533	461,452	-	-	-	-
Charges for services	-	2,729	-	-	4,357	-	-
Fines and forfeits	-	-	-	15,654	-	-	136,873
Other	57,984	28,736	-	-	-	-	-
Total receipts	330,587	427,457	461,452	15,654	4,357	8,410	136,873
Disbursements:							
General government	409,665	-	-	-	-	-	152,353
Public safety	-	-	-	-	-	11,045	-
Highways and streets	-	-	628,765	-	-	-	-
Health and welfare	-	333,384	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Total disbursements	409,665	333,384	628,765	-	-	11,045	152,353
Excess (deficiency) of receipts over disbursements	(79,078)	94,073	(167,313)	15,654	4,357	(2,635)	(15,480)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(24,410)
Total other financing sources (uses)	-	-	-	-	-	-	(24,410)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(79,078)	94,073	(167,313)	15,654	4,357	(2,635)	(39,890)
Cash and investment fund balance - beginning	1,164,630	71,257	634,630	105	6,190	39,898	108,551
Cash and investment fund balance - ending	<u>\$ 1,085,552</u>	<u>\$ 165,330</u>	<u>\$ 467,317</u>	<u>\$ 15,759</u>	<u>\$ 10,547</u>	<u>\$ 37,263</u>	<u>\$ 68,661</u>
Cash and Investment Assets - December 31							
Cash and investments	<u>\$ 1,085,552</u>	<u>\$ 165,330</u>	<u>\$ 467,317</u>	<u>\$ 15,759</u>	<u>\$ 10,547</u>	<u>\$ 37,263</u>	<u>\$ 68,661</u>
Cash and Investment Fund Balance - December 31							
Unrestricted	<u>\$ 1,085,552</u>	<u>\$ 165,330</u>	<u>\$ 467,317</u>	<u>\$ 15,759</u>	<u>\$ 10,547</u>	<u>\$ 37,263</u>	<u>\$ 68,661</u>

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

	Sheriff's Pretrial Diversion	Prosecutor Title IV-D	Surveyor Corner Perpetuation	Probation Users Fees	County Alcohol and Drug Program	Administrative Probation Fees	County Extradition
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	10,935	63,674	-	-	-
Other	15,750	-	-	125	-	52,322	14,691
Total receipts	15,750	-	10,935	63,799	-	52,322	14,691
Disbursements:							
General government	-	3,190	9,449	5,669	-	-	1,341
Public safety	56,871	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Total disbursements	56,871	3,190	9,449	5,669	-	-	1,341
Excess (deficiency) of receipts over disbursements	(41,121)	(3,190)	1,486	58,130	-	52,322	13,350
Other financing sources (uses):							
Transfers in	-	-	-	-	-	465	-
Transfers out	-	-	-	(4,000)	-	(71,460)	-
Total other financing sources (uses)	-	-	-	(4,000)	-	(70,995)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(41,121)	(3,190)	1,486	54,130	-	(18,673)	13,350
Cash and investment fund balance - beginning	51,102	70,991	31,710	309,119	253	62,947	92,724
Cash and investment fund balance - ending	<u>\$ 9,981</u>	<u>\$ 67,801</u>	<u>\$ 33,196</u>	<u>\$ 363,249</u>	<u>\$ 253</u>	<u>\$ 44,274</u>	<u>\$ 106,074</u>
Cash and Investment Assets - December 31							
Cash and investments	<u>\$ 9,981</u>	<u>\$ 67,801</u>	<u>\$ 33,196</u>	<u>\$ 363,249</u>	<u>\$ 253</u>	<u>\$ 44,274</u>	<u>\$ 106,074</u>
Cash and Investment Fund Balance - December 31							
Unrestricted	<u>\$ 9,981</u>	<u>\$ 67,801</u>	<u>\$ 33,196</u>	<u>\$ 363,249</u>	<u>\$ 253</u>	<u>\$ 44,274</u>	<u>\$ 106,074</u>

MARSHALL 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 Drug Free Community	Recorder's Records Perpetuation	Clerk's Records Perpetuation	Plat Book	County Law Enforcement Continuing Education	County User Fee	Local Health Maintenance
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	59,726	-	-	-	-	-	33,139
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	57,028	18,175	14,990	3,541	19,373	-
Other	-	-	-	-	-	-	-
Total receipts	<u>59,726</u>	<u>57,028</u>	<u>18,175</u>	<u>14,990</u>	<u>3,541</u>	<u>19,373</u>	<u>33,139</u>
Disbursements:							
General government	-	27,498	4,202	2,428	-	21,513	-
Public safety	47,301	-	-	-	1,815	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	47,299
Culture and recreation	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Total disbursements	<u>47,301</u>	<u>27,498</u>	<u>4,202</u>	<u>2,428</u>	<u>1,815</u>	<u>21,513</u>	<u>47,299</u>
Excess (deficiency) of receipts over disbursements	<u>12,425</u>	<u>29,530</u>	<u>13,973</u>	<u>12,562</u>	<u>1,726</u>	<u>(2,140)</u>	<u>(14,160)</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	(2,000)	-	(6,000)	-	-	(23,846)
Total other financing sources (uses)	<u>-</u>	<u>(2,000)</u>	<u>-</u>	<u>(6,000)</u>	<u>-</u>	<u>-</u>	<u>(23,846)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>12,425</u>	<u>27,530</u>	<u>13,973</u>	<u>6,562</u>	<u>1,726</u>	<u>(2,140)</u>	<u>(38,006)</u>
Cash and investment fund balance - beginning	<u>99,438</u>	<u>84,380</u>	<u>30,528</u>	<u>32,009</u>	<u>14,963</u>	<u>36,982</u>	<u>42,210</u>
Cash and investment fund balance - ending	<u>\$ 111,863</u>	<u>\$ 111,910</u>	<u>\$ 44,501</u>	<u>\$ 38,571</u>	<u>\$ 16,689</u>	<u>\$ 34,842</u>	<u>\$ 4,204</u>
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	<u>\$ 111,863</u>	<u>\$ 111,910</u>	<u>\$ 44,501</u>	<u>\$ 38,571</u>	<u>\$ 16,689</u>	<u>\$ 34,842</u>	<u>\$ 4,204</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Unrestricted	<u>\$ 111,863</u>	<u>\$ 111,910</u>	<u>\$ 44,501</u>	<u>\$ 38,571</u>	<u>\$ 16,689</u>	<u>\$ 34,842</u>	<u>\$ 4,204</u>

MARSHALL 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)

	Alcohol and Drug Services	Juvenile Probation Services	Misdemeanant	Community Corrections Home Detention	Clerk Title IV-D	Prior Clerk Title IV-D	Family Support Services
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	350,799	-	35,000	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	2	-	-
Other	13,228	-	-	-	-	-	-
Total receipts	364,027	-	35,000	-	2	-	-
Disbursements:							
General government	-	-	50,967	-	21,646	1,029	355
Public safety	369,240	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Total disbursements	369,240	-	50,967	-	21,646	1,029	355
Excess (deficiency) of receipts over disbursements	(5,213)	-	(15,967)	-	(21,644)	(1,029)	(355)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,213)	-	(15,967)	-	(21,644)	(1,029)	(355)
Cash and investment fund balance - beginning	272,693	3,309	162,769	200	51,656	7,358	1,390
Cash and investment fund balance - ending	<u>\$ 267,480</u>	<u>\$ 3,309</u>	<u>\$ 146,802</u>	<u>\$ 200</u>	<u>\$ 30,012</u>	<u>\$ 6,329</u>	<u>\$ 1,035</u>
Cash and Investment Assets - December 31							
Cash and investments	<u>\$ 267,480</u>	<u>\$ 3,309</u>	<u>\$ 146,802</u>	<u>\$ 200</u>	<u>\$ 30,012</u>	<u>\$ 6,329</u>	<u>\$ 1,035</u>
Cash and Investment Fund Balance - December 31							
Unrestricted	<u>\$ 267,480</u>	<u>\$ 3,309</u>	<u>\$ 146,802</u>	<u>\$ 200</u>	<u>\$ 30,012</u>	<u>\$ 6,329</u>	<u>\$ 1,035</u>

MARSHALL 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)

	Prosecutor's Continuing Education	Emergency Telephone System	Emergency Planning and Right To Know	Court Appointed Special Advocate	Supplemental Public Defender Services	WIC No. 1	Multi-County Drug Task Force No. 1
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	17,057	-	-	103,146	-
Charges for services	-	499,996	-	-	-	-	9
Fines and forfeits	-	-	-	-	4,333	-	-
Other	-	-	-	-	-	-	395
Total receipts	-	499,996	17,057	-	4,333	103,146	404
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	-	435,981	12,997	6,476	-	-	21,901
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	122,514	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Total disbursements	-	435,981	12,997	6,476	-	122,514	21,901
Excess (deficiency) of receipts over disbursements	-	64,015	4,060	(6,476)	4,333	(19,368)	(21,497)
Other financing sources (uses):							
Transfers in	-	-	-	16,708	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	16,708	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	64,015	4,060	10,232	4,333	(19,368)	(21,497)
Cash and investment fund balance - beginning	476	612,003	48,001	27,556	11,477	(6,684)	40,278
Cash and investment fund balance - ending	<u>\$ 476</u>	<u>\$ 676,018</u>	<u>\$ 52,061</u>	<u>\$ 37,788</u>	<u>\$ 15,810</u>	<u>\$ (26,052)</u>	<u>\$ 18,781</u>
Cash and Investment Assets - December 31							
Cash and investments	<u>\$ 476</u>	<u>\$ 676,018</u>	<u>\$ 52,061</u>	<u>\$ 37,788</u>	<u>\$ 15,810</u>	<u>\$ (26,052)</u>	<u>\$ 18,781</u>
Cash and Investment Fund Balance - December 31							
Unrestricted	<u>\$ 476</u>	<u>\$ 676,018</u>	<u>\$ 52,061</u>	<u>\$ 37,788</u>	<u>\$ 15,810</u>	<u>\$ (26,052)</u>	<u>\$ 18,781</u>

MARSHALL 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)

	Multi-County Drug Task Force No. 2	Victim Assistance No. 2	Victim Impact	DARE Grant	Shady Rest Donation	Campaign Enforcement	Convention and Visitors Bureau
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 177,655
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	6,240	-	-	-	-	-	-
Charges for services	45	-	-	-	-	-	-
Fines and forfeits	-	-	2,442	-	-	-	-
Other	360	-	-	11,812	-	-	-
Total receipts	6,645	-	2,442	11,812	-	-	177,655
Disbursements:							
General government	-	-	1,174	13,036	-	-	-
Public safety	11,179	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	178,874
Capital outlay:							
General government	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Total disbursements	11,179	-	1,174	13,036	-	-	178,874
Excess (deficiency) of receipts over disbursements	(4,534)	-	1,268	(1,224)	-	-	(1,219)
Other financing sources (uses):							
Transfers in	6,240	-	-	-	-	-	-
Transfers out	-	-	-	-	(588)	-	-
Total other financing sources (uses)	6,240	-	-	-	(588)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,706	-	1,268	(1,224)	(588)	-	(1,219)
Cash and investment fund balance - beginning	14,532	5,280	10,270	42,478	588	80	13,457
Cash and investment fund balance - ending	<u>\$ 16,238</u>	<u>\$ 5,280</u>	<u>\$ 11,538</u>	<u>\$ 41,254</u>	<u>\$ -</u>	<u>\$ 80</u>	<u>\$ 12,238</u>
Cash and Investment Assets - December 31							
Cash and investments	<u>\$ 16,238</u>	<u>\$ 5,280</u>	<u>\$ 11,538</u>	<u>\$ 41,254</u>	<u>\$ -</u>	<u>\$ 80</u>	<u>\$ 12,238</u>
Cash and Investment Fund Balance - December 31							
Unrestricted	<u>\$ 16,238</u>	<u>\$ 5,280</u>	<u>\$ 11,538</u>	<u>\$ 41,254</u>	<u>\$ -</u>	<u>\$ 80</u>	<u>\$ 12,238</u>

MARSHALL 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)

	Personal Property Judgment	County Police Equipment Grant	Tobacco Cessation	Road Cut Bonds	Coroner's Substance Abuse Education	Sales Disclosure	DEA Forfeiture
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	23,821	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	7,195	3,672
Other	427	-	-	3,000	-	-	-
Total receipts	427	-	23,821	3,000	-	7,195	3,672
Disbursements:							
General government	427	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Highways and streets	-	-	-	4,000	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay:							
General government	-	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Total disbursements	427	-	-	4,000	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	23,821	(1,000)	-	7,195	3,672
Other financing sources (uses):							
Transfers in	-	-	23,846	-	-	-	-
Transfers out	-	-	-	-	(1)	-	-
Total other financing sources (uses)	-	-	23,846	-	(1)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	47,667	(1,000)	(1)	7,195	3,672
Cash and investment fund balance - beginning	2,925	2,000	30,066	7,200	1	25,994	29,134
Cash and investment fund balance - ending	\$ 2,925	\$ 2,000	\$ 77,733	\$ 6,200	\$ -	\$ 33,189	\$ 32,806
<u>Cash and Investment Assets - December 31</u>							
Cash and investments	\$ 2,925	\$ 2,000	\$ 77,733	\$ 6,200	\$ -	\$ 33,189	\$ 32,806
<u>Cash and Investment Fund Balance - December 31</u>							
Unrestricted	\$ 2,925	\$ 2,000	\$ 77,733	\$ 6,200	\$ -	\$ 33,189	\$ 32,806

MARSHALL 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)

	Levy Excess Special Revenue	Emergency Management Assistance Grants	EPICS	Hemminger House	Cumulative Bridge	Capital Projects Enabling Funds
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 594,683	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	130,647	-	-	66,631	-
Charges for services	-	-	-	-	168	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	36,366	3,763	-
Total receipts	-	130,647	-	36,366	665,245	-
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	167,393	1,124	-	-	-
Highways and streets	-	-	-	-	788,611	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	69,637	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Total disbursements	-	167,393	1,124	69,637	788,611	-
Excess (deficiency) of receipts over disbursements	-	(36,746)	(1,124)	(33,271)	(123,366)	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	(143,930)	-	-	-	-	(106,971)
Total other financing sources (uses)	(143,930)	-	-	-	-	(106,971)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(143,930)	(36,746)	(1,124)	(33,271)	(123,366)	(106,971)
Cash and investment fund balance - beginning	143,930	3,276	1,124	33,271	1,341,669	106,971
Cash and investment fund balance - ending	\$ -	\$ (33,470)	\$ -	\$ -	\$ 1,218,303	\$ -
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ (33,470)	\$ -	\$ -	\$ 1,218,303	\$ -
<u>Cash and Investment Fund Balance - December 31</u>						
Unrestricted	\$ -	\$ (33,470)	\$ -	\$ -	\$ 1,218,303	\$ -

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

	Cumulative Capital Development	General Drain Improvement	Sheriff's Commissary	Interstate Compact Fees	Rainy Day	Electronic Map Generation
Receipts:						
Taxes	\$ 456,227	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	51,117	-	-	-	-	-
Charges for services	-	-	43,841	-	-	-
Fines and forfeits	-	-	-	-	-	356
Other	1,917	123,759	926	125	-	-
Total receipts	509,261	123,759	44,767	125	-	356
Disbursements:						
General government	-	-	-	125	-	-
Public safety	-	-	53,695	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
General government	465,232	124,741	-	-	-	-
Highways and streets	-	-	-	-	-	-
Total disbursements	465,232	124,741	53,695	125	-	-
Excess (deficiency) of receipts over disbursements	44,029	(982)	(8,928)	-	-	356
Other financing sources (uses):						
Transfers in	-	8,397	-	-	106,971	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	8,397	-	-	106,971	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	44,029	7,415	(8,928)	-	106,971	356
Cash and investment fund balance - beginning	295,969	336,779	24,439	-	403,263	515
Cash and investment fund balance - ending	\$ 339,998	\$ 344,194	\$ 15,511	\$ -	\$ 510,234	\$ 871
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ 339,998	\$ 344,194	\$ 15,511	\$ -	\$ 510,234	\$ 871
<u>Cash and Investment Fund Balance - December 31</u>						
Unrestricted	\$ 339,998	\$ 344,194	\$ 15,511	\$ -	\$ 510,234	\$ 871

MARSHALL 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)

	Riverboat Revenue Sharing	Shady Rest Restoration Grant	Drainage Maintenance	Crossroad's Project	DFC - CPRTS	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 297,342	\$ 2,045,688
Licenses and permits	-	-	-	-	-	47,225
Intergovernmental	160,278	-	-	-	33,315	1,642,367
Charges for services	-	-	-	-	-	551,145
Fines and forfeits	-	-	-	-	-	358,243
Other	-	-	413,919	50,000	-	829,605
Total receipts	160,278	-	413,919	50,000	330,657	5,474,273
Disbursements:						
General government	160,278	-	-	-	-	886,345
Public safety	-	-	-	-	-	1,197,018
Highways and streets	-	-	-	-	-	1,421,376
Health and welfare	-	-	-	-	207,201	710,398
Culture and recreation	-	-	-	-	-	248,511
Capital outlay:						
General government	-	-	-	47,980	-	637,953
Highways and streets	-	-	323,747	-	-	323,747
Total disbursements	160,278	-	323,747	47,980	207,201	5,425,348
Excess (deficiency) of receipts over disbursements	-	-	90,172	2,020	123,456	48,925
Other financing sources (uses):						
Transfers in	-	-	-	-	-	162,627
Transfers out	-	-	(8,397)	-	-	(391,603)
Total other financing sources (uses)	-	-	(8,397)	-	-	(228,976)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	81,775	2,020	123,456	(180,051)
Cash and investment fund balance - beginning	-	17,195	1,262,530	-	31,977	8,404,012
Cash and investment fund balance - ending	\$ -	\$ 17,195	\$ 1,344,305	\$ 2,020	\$ 155,433	\$ 8,223,961
Cash and Investment Assets - December 31						
Cash and investments	\$ -	\$ 17,195	\$ 1,344,305	\$ 2,020	\$ 155,433	\$ 8,223,961
Cash and Investment Fund Balance - December 31						
Unrestricted	\$ -	\$ 17,195	\$ 1,344,305	\$ 2,020	\$ 155,433	\$ 8,223,961

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

	Sheriff's Pension Trust	Sheriff's Benefit Trust	Totals
Additions:			
Contributions:			
Employer	\$ 151,480	\$ 15,481	\$ 166,961
Plan members	26,524	-	26,524
Other	8,259	-	8,259
	<u>186,263</u>	<u>15,481</u>	<u>201,744</u>
Investment receipts:			
Net increase in investments	85,267	-	85,267
Interest	112,864	7,939	120,803
Dividends	42,813	-	42,813
	<u>240,944</u>	<u>7,939</u>	<u>248,883</u>
Total investment receipts	240,944	7,939	248,883
Less investment disbursements	<u>(11,989)</u>	<u>(1,935)</u>	<u>(13,924)</u>
Net investment receipts	<u>228,955</u>	<u>6,004</u>	<u>234,959</u>
Total additions	<u>415,218</u>	<u>21,485</u>	<u>436,703</u>
Deductions:			
Benefits	86,053	4,800	90,853
Administrative and general	15,217	6,395	21,612
	<u>101,270</u>	<u>11,195</u>	<u>112,465</u>
Total deductions	<u>101,270</u>	<u>11,195</u>	<u>112,465</u>
Excess of total additions over total deductions	313,948	10,290	324,238
Cash and investment fund balance - beginning	<u>3,716,727</u>	<u>162,449</u>	<u>3,879,176</u>
Cash and investment fund balance - ending	<u>\$ 4,030,675</u>	<u>\$ 172,739</u>	<u>\$ 4,203,414</u>

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

	Welfare Excise Tax Allocation	Healthcare for the Indigent	Medical Assistance to Wards	Children with Special Healthcare Needs	Coroner's Continuing Education	Child Advocacy	Surplus Dog Tax
Additions:							
Agency fund additions	\$ 33,028	\$ 274,473	\$ 7,486	\$ 59,885	\$ 3,170	\$ 670	\$ 4,846
Deductions:							
Agency fund deductions	<u>33,028</u>	<u>274,473</u>	<u>7,486</u>	<u>59,885</u>	<u>3,157</u>	-	<u>4,846</u>
Excess (deficiency) of total additions over total deductions	-	-	-	-	13	670	-
Cash and investment fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>339</u>	<u>325</u>	<u>-</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 352</u>	<u>\$ 995</u>	<u>\$ -</u>

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

	<u>Welfare Trust</u>	<u>Sheriff</u>	<u>Inmate Trust</u>	<u>Clerk</u>	<u>Recorder</u>	<u>Treasurer</u>	<u>Tax Sale Redemption</u>
Additions:							
Agency fund additions	\$ 65,471	\$ 1,088,565	\$ 173,400	\$ 7,093,003	\$ 216,096	\$ 57,112,295	\$ 179,066
Deductions:							
Agency fund deductions	41,945	1,088,453	163,601	7,062,603	217,973	57,290,081	179,066
Excess (deficiency) of total additions over total deductions	23,526	112	9,799	30,400	(1,877)	(177,786)	-
Cash and investment fund balance - beginning	38,302	156	(3,500)	782,021	16,728	965,288	-
Cash and investment fund balance - ending	<u>\$ 61,828</u>	<u>\$ 268</u>	<u>\$ 6,299</u>	<u>\$ 812,421</u>	<u>\$ 14,851</u>	<u>\$ 787,502</u>	<u>\$ -</u>

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

	<u>Tax Sale Surplus</u>	<u>State Fines and Forfeitures</u>	<u>State Fair Board</u>	<u>State Forestry</u>	<u>State Sales Disclosure Fee</u>	<u>Inheritance Tax</u>
Additions:						
Agency fund additions	\$ 605,632	\$ 83,510	\$ 19,962	\$ 39,923	\$ 7,145	\$ 836,866
Deductions:						
Agency fund deductions	<u>1,386,979</u>	<u>102,939</u>	<u>19,962</u>	<u>39,923</u>	<u>7,345</u>	<u>979,614</u>
Excess (deficiency) of total additions over total deductions	(781,347)	(19,429)	-	-	(200)	(142,748)
Cash and investment fund balance - beginning	<u>1,123,864</u>	<u>29,491</u>	-	-	<u>510</u>	<u>284,283</u>
Cash and investment fund balance - ending	<u>\$ 342,517</u>	<u>\$ 10,062</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 310</u>	<u>\$ 141,535</u>

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

	Surplus Tax	Congressional Interest	Victim Assistance Donation	Tax Distribution	Payroll	City and Town Court Costs
Additions:						
Agency fund additions	\$ 30,356	\$ 1,143	\$ 700	\$ 56,325,293	\$ 9,255,254	\$ 23,803
Deductions:						
Agency fund deductions	73,795	849	590	56,325,293	9,264,332	127,367
Excess (deficiency) of total additions over total deductions	(43,439)	294	110	-	(9,078)	(103,564)
Cash and investment fund balance - beginning	116,659	18,579	30	-	119,709	116,206
Cash and investment fund balance - ending	<u>\$ 73,220</u>	<u>\$ 18,873</u>	<u>\$ 140</u>	<u>\$ -</u>	<u>\$ 110,631</u>	<u>\$ 12,642</u>

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

	Infraction Judgments	Additional Judgment Excise Tax	Overweight Vehicle Fines	Military Fines	Special Assessments	Education Plate Fees
Additions:						
Agency fund additions	\$ 166,724	\$ -	\$ 6,402	\$ -	\$ 10,095	\$ 1,969
Deductions:						
Agency fund deductions	167,544	-	6,015	-	10,095	2,269
Excess (deficiency) of total additions over total deductions	(820)	-	387	-	-	(300)
Cash and investment fund balance - beginning	12,694	2,649	-	4	488	300
Cash and investment fund balance - ending	<u>\$ 11,874</u>	<u>\$ 2,649</u>	<u>\$ 387</u>	<u>\$ 4</u>	<u>\$ 488</u>	<u>\$ -</u>

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

	Mortgage Fees	Special Death Benefit	Child Restraint Violation Fines	State Settlement	Totals
Additions:					
Agency fund additions	\$ 6,842	\$ 7,516	\$ 2,175	\$ 18,862	\$ 133,761,626
Deductions:					
Agency fund deductions	6,980	7,591	2,100	18,862	134,977,041
Excess (deficiency) of total additions over total deductions	(138)	(75)	75	-	(1,215,415)
Cash and investment fund balance - beginning	658	660	50	-	3,626,493
Cash and investment fund balance - ending	<u>\$ 520</u>	<u>\$ 585</u>	<u>\$ 125</u>	<u>\$ -</u>	<u>\$ 2,411,078</u>

MARSHALL COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2006

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 964,988
Infrastructure	50,465,607
Buildings	8,101,689
Machinery and equipment	7,648,650
Construction in progress	<u>7,726,573</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 74,907,507</u>

MARSHALL COUNTY
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2006

The county has entered into the following long-term debt:

Description of Debt	Principal Ending Balance	Principal Due Within One Year
<u>Governmental Activities:</u>		
Capital Leases:		
Correctional Facility *	\$ 15,285,000	\$ -
Postage Machine	<u>21,173</u>	<u>4,555</u>
Total Capital Leases	<u>\$ 15,306,173</u>	<u>\$ 4,555</u>

Debt service requirements to maturity:

Year ended December 31	Capital Leases	
	Principal	Interest
2007-2011	\$ 1,996,173	\$ 2,283,679
2012-2016	3,360,000	2,711,000
2017-2021	4,165,000	1,916,500
2022-2026	5,195,000	874,500
2027	<u>590,000</u>	<u>17,000</u>
Totals	<u>\$ 15,306,173</u>	<u>\$ 7,802,679</u>

* Correctional Facility is scheduled to be completed in the fall of 2007.

MARSHALL COUNTY
OTHER REPORT

The annual report presented herein was prepared in addition to another official report prepared for the individual County office listed below:

County Sheriff

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF MARSHALL COUNTY, INDIANA

Compliance

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

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

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

Internal Control Over Compliance

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

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

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

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

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

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

September 6, 2007

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

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Pass-Through Indiana Department of Health Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	FY 2006	\$ 122,516
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Pass-Through Indiana Criminal Justice Institute Edward Byrne Memorial Formula Grant Program	16.579		33,080
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction	20.205	STP 9950 (044)	40,577
<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 149-4-05	53,163
Pass-Through Indiana Department of Children's Services Child Support Enforcement	93.563	FY 2005	215,426
Total for federal grantor agency			268,589
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security Homeland Security Grant Program	97.067	2005 SHSP 2005 LETPP Hazard Analysis	82,372 48,275 11,250
Total for program			141,897
State Homeland Security Program (SHSP)	97.073	FY 2004	25,496
Total for federal grantor agency			167,393
Total federal awards expended			\$ 632,155

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

MARSHALL COUNTY
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Marshall 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.

MARSHALL 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
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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
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Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
93.563	Child Support Enforcement

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

Auditee qualified as low-risk auditee?	yes
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Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

MARSHALL COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

MARSHALL COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 6, 2007, with Jan A. Quivey, Auditor; Kevin Overmyer, President of the Board of County Commissioners; Ralph Booker, County Council member.