

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

EXAMINATION REPORT

OF

MARSHALL COUNTY, INDIANA

January 1, 2007 to December 31, 2007



**FILED**

05/29/2008



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Jan Allen Quivey Penny Lukenbill	01-01-04 to 12-31-07 01-01-08 to 12-31-10
Treasurer	Penny Lukenbill Deborah VanDeMark	01-01-05 to 12-31-07 01-01-08 to 12-31-08
Clerk	Jan Fisher Julie Fox	01-01-04 to 12-31-07 01-01-08 to 12-31-10
Sheriff	Jon E. VanVactor	01-01-07 to 12-31-10
Recorder	Betty Engle	01-01-07 to 12-31-10
President of the Board of County Commissioners	Kevin Overmyer Tom Chamberlin	01-01-07 to 12-31-07 01-01-08 to 12-31-08
President of the County Council	J. Frederick Lintner Matthew Hassel	01-01-07 to 12-31-07 01-01-08 to 12-31-08



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF MARSHALL COUNTY, INDIANA

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

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

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

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

STATE BOARD OF ACCOUNTS

May 12, 2008

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

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 4,089,334	\$ 10,811,052	\$ 11,340,594	\$ 3,559,792
Highway	1,407,918	3,500,259	2,921,325	1,986,852
Family and Children	808,721	3,965,706	4,370,205	404,222
Rainy Day	510,234	3,443,942	1,259,800	2,694,376
Correctional Facility CAGIT	1,693,901	1,988,394	2,637,433	1,044,862
Accident Report	10,547	2,705	2,800	10,452
Alcohol and Drug Services - MCDAP Program	267,480	378,292	384,713	261,059
Campaign Enforcement	80	-	-	80
Prior Clerk Title IV-D	6,329	-	779	5,550
Clerk Title IV-D No. 2	30,012	21,929	35,803	16,138
Clerk's Records Perpetuation	44,501	16,325	35,465	25,361
Community Corrections Home Detention	200	-	-	200
Convention and Visitors Bureau	12,238	176,469	177,601	11,106
County Police Equipment	2,000	-	-	2,000
Court Appointed Special Advocate	37,788	11,667	12,083	37,372
Crossroads Project	2,020	7,000	9,000	20
DARE Grant	41,254	9,685	14,363	36,576
DFC - CPRTS	155,433	182,444	42,464	295,413
Drain Maintenance	1,344,305	250,959	330,827	1,264,437
County Drug Free Community	111,863	59,531	79,799	91,595
Multi-County Drug Task Force No. 1	18,781	18,002	5,152	31,631
Multi-County Drug Task Force No. 2	16,238	2,186	17,936	488
Electronic Map Generation	871	1,399	-	2,270
Emergency Management Assistance Grants	(33,470)	54,647	17,901	3,276
Emergency Planning and Right to Know	52,061	11,592	19,792	43,861
Emergency Telephone System	676,018	416,685	462,467	630,236
County Extradition	106,074	11,620	6,380	111,314
Family Support Services	1,035	-	131	904
Firearms Training	37,263	15,239	1,629	50,873
County Alcohol and Drug Program	253	-	-	253
Health	165,330	388,548	360,895	192,983
Local Health Maintenance	4,204	41,424	24,780	20,848
Hemminger House	-	29,099	19,160	9,939
Identification Security Protection	15,759	16,639	5,319	27,079
Interstate Compact Fees	-	113	113	-
Juvenile Probation Services	3,309	-	-	3,309
County Law Enforcement Continuing Education	16,689	17,139	5,913	27,915
Local Road and Street	467,317	871,234	959,473	379,078
County Corrections - Misdemeanant	146,802	35,050	49,224	132,628
Personal Property Judgments	2,925	140	-	3,065
Plat Book	38,571	13,093	10,727	40,937
Pretrial Diversion	68,661	107,852	145,617	30,896
Administrative Probation Fees	44,274	44,706	60,160	28,820
Probation Users Fees	363,249	68,164	13,427	417,986
2006 Property Reassessment	1,085,552	280,010	294,223	1,071,339
Prosecutor Continuing Education	476	-	-	476
Prosecutor Title IV-D No. 1	67,801	28,543	144	96,200
Rainy Day Distribution	-	3,806,694	3,806,694	-
Recorder's Records Perpetuation	111,910	53,928	25,270	140,568
Road Cut Bonds	6,200	11,000	5,000	12,200
Sales Disclosure	33,189	5,860	465	38,584
DEA Forfeiture	32,806	1,795	-	34,601
Shady Rest Restoration	17,195	-	17,195	-
Sheriff Pension	-	28,006	19,873	8,133
Sheriff's Pretrial Diversion	9,981	-	-	9,981
Supplemental Public Defender Services	15,810	2,714	-	18,524
Surveyor's Corner Perpetuation	33,196	9,880	26,925	16,151
Tobacco Cessation	77,733	25,347	20,090	82,990

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

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

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds (continued):				
County User Fees	34,842	15,599	13,895	36,546
Victim Assistance No. 2	5,280	6,015	5,284	6,011
Victim Impact	11,538	815	2,095	10,258
WIC No. 1	(26,052)	134,527	125,606	(17,131)
Wireless 9-1-1	-	156,084	-	156,084
Cumulative Bridge	1,218,303	718,487	754,547	1,182,243
Cumulative Capital Development	339,998	431,620	408,243	363,375
General Drain Improvement	344,194	86,766	71,404	359,556
Sheriff's Commissary	15,511	49,577	44,000	21,088
Internal Service Fund:				
Dental Reimbursement	23,617	90,596	77,115	37,098
Fiduciary Funds:				
Sheriff's Pension Trust				
Sheriff's Benefit Trust	4,030,675	401,082	176,458	4,255,299
Congressional School Principal	172,739	125,090	18,209	279,620
Surplus Dog Tax	21,223	-	-	21,223
Welfare Trust	-	26	-	26
Sheriff	61,828	18,924	33,080	47,672
Inmate Trust	268	1,032,625	1,032,887	6
Clerk	6,299	176,283	177,464	5,118
Recorder	812,421	8,101,259	7,293,090	1,620,590
Treasurer	14,851	195,335	198,093	12,093
Child Restraint Violations Fines	787,502	62,983,233	54,132,463	9,638,272
Children Special Healthcare Needs	125	1,225	1,300	50
City and Town Court Costs	-	50,745	50,745	-
Congressional School Interest	12,642	20,163	-	32,805
Coroner's Training - Continuing Education	18,873	1,133	849	19,157
County Child Advocacy	352	4,207	4,134	425
Education License Plate Fees	995	500	-	1,495
Family Violence - Victim Assistance	-	6,525	6,375	150
HAVA Title 3	140	200	156	184
Health Care for Indigents	-	12,660	12,660	-
Homestead Credit Rebate	-	230,661	230,661	-
Infraction Judgments	-	1,722,017	-	1,722,017
Inheritance Tax	11,874	137,732	138,585	11,021
Additional Judgment Excise Tax	141,535	940,794	721,091	361,238
Medical Assistance to Wards	2,649	-	-	2,649
Military Fines	-	4,613	4,613	-
Mortgage Fees - State Share	4	-	-	4
Overweight Vehicle Fines	520	5,890	5,967	443
Payroll	387	2,400	2,542	245
Special Assessment	110,631	9,754,472	9,764,325	100,778
Special Death Benefit	488	6,054	6,054	488
State Fair Board	585	5,770	5,900	455
State Fines and Forfeitures	-	18,453	18,453	-
State Forestry Tax	10,062	93,753	93,124	10,691
State Sales Disclosure Fee	-	36,906	36,906	-
Surplus Tax	310	5,845	5,875	280
Surplus Tax Sale	73,220	6,745	47,347	32,618
Tax Sale Redemption	342,517	570,010	381,413	531,114
Welfare Excise Tax	-	61,936	61,936	-
	-	10,218	10,218	-
Totals	<u>\$ 22,883,167</u>	<u>\$ 119,680,277</u>	<u>\$ 106,232,291</u>	<u>\$ 36,331,153</u>

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

MARSHALL COUNTY  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

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.

Note 2. Fund Accounting

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

Note 3. Budgets

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

Note 4. Property Taxes

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

Due to the ongoing problems related to obtaining the approved tax rates from the Indiana Department of Local Government Finance in a timely manner, the Fall 2006 pay 2007 tax settlement and distribution were not made until February 15, 2008.

MARSHALL COUNTY  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 5. Deposits and Investments

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

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

Note 6. Pension Plans

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, can be obtained from PERF at the above address.

MARSHALL COUNTY  
NOTES TO FINANCIAL INFORMATION  
(Continued)

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.

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.

MARSHALL COUNTY  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS

As Of December 31, 2007

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

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 964,988
Infrastructure	50,465,607
Buildings	8,101,689
Machinery and equipment	8,138,074
Construction in progress	<u>14,573,006</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 82,243,364</u>

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

The County has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Correctional Facility	\$ 15,285,000	\$ 606,000
Postage Machine	15,259	7,812
Jail-Computer hardware, training, and licenses	<u>473,139</u>	<u>164,438</u>
Total governmental activities debt	<u>\$ 15,773,398</u>	<u>\$ 778,250</u>

MARSHALL COUNTY  
OTHERS REPORTS

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

County Sheriff  
County Highway Department

MARSHALL COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on May 12, 2008, with Jan Allen Quivey, former Auditor, Penny Lukenbill, current Auditor, Tom Chamberlin, President of the Board of County Commissioners; and Matthew Hassel, President of the County Council. Our examination disclosed no material items that warrant comment at this time.