

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

ANNUAL FINANCIAL REPORT

2007

DAVISS COUNTY, INDIANA



FILED

08/25/2008

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Gail Doades	01-01-07 to 12-31-10
Treasurer	Joyce Goodwin	01-01-05 to 12-31-08
Clerk	Rosemary Abel Sherrie Haley	03-12-04 to 03-12-08 03-13-08 to 12-31-12
Sheriff	Steve Cox	01-01-07 to 12-31-10
Recorder	Marcella Flint	01-01-05 to 12-31-08
President of the Board of County Commissioners	Steve Myers Jim Truelove	01-01-07 to 12-31-07 01-01-08 to 12-31-08
President of the County Council	Loretta Kendall Michael Sprinkle	01-01-07 to 12-31-07 01-01-08 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF DAVIESS COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Daviess County (County), as of and for the year ended December 31, 2007, 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 number of component units of the County which should have been included to fairly present the financial position of the County.

In our opinion, except that the omission of the component units of the County referred to in the preceding paragraph results in incomplete presentation, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2008, 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 August 7, 2008, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

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

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

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

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

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

STATE BOARD OF ACCOUNTS

August 7, 2008



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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 DAVIESS COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Daviess County (County), as of and for the year ended December 31, 2007, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 7, 2008. The opinions to the financial statements were qualified due to the omission of component units which results in an incomplete presentation. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the County's management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 7, 2008

DAVIESS COUNTY
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>			<u>Net (Disbursement) Receipt and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>
					<u>Governmental Activities</u>
Primary government:					
Governmental activities:					
General government	\$ 9,474,063	\$ 364,090	\$ 251,412	\$ 1,098,256	\$ (7,760,305)
Public safety	6,485,754	1,065,915	1,040,879	-	(4,378,960)
Highways and streets	4,444,768	334,486	3,038,508	-	(1,071,774)
Health and welfare	2,269,764	26,426	768,078	-	(1,475,260)
Culture and recreation	856,190	-	671,879	-	(184,311)
Total primary government	<u>\$ 23,530,539</u>	<u>\$ 1,790,917</u>	<u>\$ 5,770,756</u>	<u>\$ 1,098,256</u>	<u>(14,870,610)</u>
General receipts:					
Property taxes					9,099,802
Other local sources					8,542,601
Unrestricted investment earnings					<u>1,006,675</u>
Total general receipts					<u>18,649,078</u>
Change in net assets					3,778,468
Net assets - beginning					<u>14,251,735</u>
Net assets - ending					<u>\$ 18,030,203</u>
 <u>Assets</u>					
Cash and investments					\$ 7,320,076
Restricted assets:					
Cash and investments					<u>10,710,127</u>
Total assets					<u>\$ 18,030,203</u>
 <u>Net Assets</u>					
Restricted for:					
General government					\$ 4,150,995
Public safety					2,666,541
Highways and streets					3,139,140
Health and welfare					361,568
Culture and recreation					69,909
Debt service					321,974
Unrestricted					<u>7,320,076</u>
Total net assets					<u>\$ 18,030,203</u>

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

DAVISS 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, 2007

	General	Highway	2005 Property Reassessment	Cumulative Bridge	Other Governmental Funds	Totals
Receipts:						
Taxes	\$ 9,852,164	\$ 64,771	\$ 175,117	\$ 618,248	\$ 3,057,377	\$ 13,767,677
Licenses and permits	-	-	-	-	26,426	26,426
Intergovernmental	844,017	2,820,833	19,291	68,109	2,308,007	6,060,257
Charges for services	401,644	-	-	-	1,390,590	1,792,234
Fines and forfeits	148,182	-	-	-	154,045	302,227
Other	1,484,330	531,951	90,392	73,216	3,180,297	5,360,186
Total receipts	12,730,337	3,417,555	284,800	759,573	10,116,742	27,309,007
Disbursements:						
General government	5,688,900	-	180,939	-	3,604,224	9,474,063
Public safety	3,761,374	-	-	-	1,566,950	5,328,324
Highways and streets	-	3,019,629	-	-	257,517	3,277,146
Health and welfare	363,227	-	-	-	1,906,537	2,269,764
Culture and recreation	99,500	-	-	-	756,690	856,190
Capital outlay:						
Highways and streets	-	-	-	1,167,622	-	1,167,622
Public safety	-	-	-	-	1,157,430	1,157,430
Total disbursements	9,913,001	3,019,629	180,939	1,167,622	9,249,348	23,530,539
Excess (deficiency) of receipts over disbursements	2,817,336	397,926	103,861	(408,049)	867,394	3,778,468
Other financing sources (uses):						
Transfers in	-	-	-	-	140,707	140,707
Transfers out	-	-	-	-	(140,707)	(140,707)
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,817,336	397,926	103,861	(408,049)	867,394	3,778,468
Cash and investment fund balance - beginning	4,502,740	1,589,434	1,863,616	1,456,705	4,839,240	14,251,735
Cash and investment fund balance - ending	\$ 7,320,076	\$ 1,987,360	\$ 1,967,477	\$ 1,048,656	\$ 5,706,634	\$ 18,030,203
Cash and Investment Assets - December 31						
Cash and investments	\$ 7,320,076	\$ -	\$ -	\$ -	\$ -	\$ 7,320,076
Restricted assets:						
Cash and investments	-	1,987,360	1,967,477	1,048,656	5,706,634	10,710,127
Total cash and investment assets - December 31	\$ 7,320,076	\$ 1,987,360	\$ 1,967,477	\$ 1,048,656	\$ 5,706,634	\$ 18,030,203
Cash and Investment Fund Balance - December 31						
Restricted for:						
General government	\$ -	\$ -	\$ 1,967,477	\$ -	\$ 2,183,518	\$ 4,150,995
Public safety	-	-	-	-	2,666,541	2,666,541
Highway and street	-	1,987,360	-	1,048,656	103,124	3,139,140
Health and welfare	-	-	-	-	361,568	361,568
Culture and recreation	-	-	-	-	69,909	69,909
Debt service	-	-	-	-	321,974	321,974
Unrestricted	7,320,076	-	-	-	-	7,320,076
Total cash and investment fund balance - December 31	\$ 7,320,076	\$ 1,987,360	\$ 1,967,477	\$ 1,048,656	\$ 5,706,634	\$ 18,030,203

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

DAVISS COUNTY
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2007

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:	\$ 161,511	\$ -	\$ -
Investment earnings:			
Net increase in fair value of investments	9,670	-	-
Interest	15,406	8,055	-
Dividends	<u>55,693</u>	<u>-</u>	<u>-</u>
Total investment earnings	<u>80,769</u>	<u>8,055</u>	<u>-</u>
Agency fund additions	<u>-</u>	<u>-</u>	<u>79,873,398</u>
Total additions	<u>242,280</u>	<u>8,055</u>	<u>79,873,398</u>
Deductions:			
Benefits	26,997	-	-
Administrative and general	24,301	-	-
Agency fund deductions	<u>-</u>	<u>-</u>	<u>78,622,932</u>
Total deductions	<u>51,298</u>	<u>-</u>	<u>78,622,932</u>
Excess of total additions over total deductions	190,982	8,055	1,250,466
Cash and investment fund balance - beginning	<u>1,752,848</u>	<u>177,761</u>	<u>1,912,882</u>
Cash and investment fund balance - ending	<u>\$ 1,943,830</u>	<u>\$ 185,816</u>	<u>\$ 3,163,348</u>

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

DAVISS 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: Daviess County

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

The Daviess Community Hospital, a discretely presented component unit has been omitted from these financial statements. Accordingly, the financial statements do not include the data of all of the County's component units necessary to fairly present the financial position of the County.

Joint Venture

The accounts which make up the park funds are the operating, donation, nonreverting capital, grant and recycling accounts. These funds are used for the revenues and expenditures for the Daviess Martin Joint Park, which is a recreational facility at West Boggs Park. Under provision of the joint park resolution enacted March 8, 1996, the "moneys appropriated by the participating political subdivisions shall be deposited in a Joint Park and Recreation Fund in the custody of the fiscal officer of each of the respective participating political subdivisions . . ." Daviess County operates as the fiscal officer for the park. Separate financial statements are issued by the Daviess/Martin Joint Park Board.

The account which makes up the West Gate @ Crane is the operating account which is used for the revenues and expenditures for the West Gate @ Crane authority. West Gate @ Crane is a 1,000 acre technology park being developed by the West Gate @ Crane Development Co., aided by the West Gate @ Crane Authority and county and economic development commissions from Daviess, Martin and Greene Counties. The facilities now in development are expected to serve major commercial technology companies associated with the NSWC Crane military technical center. Daviess County operates as the fiscal officer for West Gate @ Crane.

Related Organizations

The County's officials are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments. The County appoints the board members of the Local Emergency Planning Commission, Zoning Appeals Board, County Civil Defense Advisory Council, Veale Fire District, Southeast Fire District, Daviess Community Hospital Board, Washington City Planning Commission, Aviation Board, Ambulance Advisory Board, Alcoholic Beverage Commission, Board of Health, Community Corrections Advisory Board, Comprehensive Community Mental

DAVISS COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Health, Daviess County Historical Society, Daviess County Redevelopment, Daviess County Visitor's Bureau, Longevity Pay Plan Committee, Property Tax Assessment Board of Appeals, Southern Indiana Development Commission, Odon Winklepleck Library Board and the Washington-Carnegie Public Library Board.

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

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the County has not established any enterprise funds.

The County reports the following major governmental funds:

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

The county highway fund receives funds from state motor vehicle highway distributions and general property taxes. This fund is used primarily for the construction and maintenance of county highways.

The 2005 property reassessment fund receives collections from the taxes that the County levies on the assessed valuation of all taxable personal and real property within the County. The taxes collected are used for the cost of reassessment.

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

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 fund, which accumulate resources for pension benefit payments.

DAVISS COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the citizens.

Agency funds account for assets held by the County as an agent for County or recipients of payroll withholdings and serve as control 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, 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 or internal service funds.

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Capital Assets

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

DAVIESS COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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

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.

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.

DAVIESS COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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:

1. Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash 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.
2. Primary government and component unit activity and balances – Resource flows between the primary government and the discretely-presented component units are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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

DAVISS COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Cash and Investment Balance Deficits

At December 31, 2007, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2007
Adult Protective Services	\$ (5,079)
Public Health Preparedness	(6,818)

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

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

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. The Sheriff's Merit Board has not established an investment policy for the Sheriff's Retirement and Benefit Pension Plan. As of December 31, 2007, the County had the following investments:

Investment Type	Sheriff's Retirement and Benefit Pension Plans
U.S. agencies	\$ 221,577
Mutual funds	1,535,100
Corporate bonds	120,984
Total	\$ 1,877,661

DAVISS COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Investment Policies

Indiana Code 5-13-9 authorizes the County to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the 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.

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, 2007, the Sheriff's Retirement and Benefit Pension Plans held investments in German American Financial Advisors and Trust Company in the amount of \$1,943,830. Of these investments, \$1,943,830 are held by the investment's counterparty, not in the name of the Sheriff's Pension Plan.

DAVIESS COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Sheriff's Retirement and Benefit Pension Plans:

Investment Type	Not in the Government's Name
Money market obligations	\$ 66,169
U.S. agencies	221,577
Mutual funds	1,535,100
Corporate bonds	120,984
Totals	\$ 1,943,830

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.

Sheriff's Retirement and Benefit Pension Plans:

Investment Type	Investment Maturities (in Years)		
	Less Than 1	1-2	More Than 2
U.S. agencies	\$ 80,955	\$ -	\$ 140,602
Mutual funds	1,535,100	-	-
Corporate bonds	120,984	-	-
Totals	\$ 1,737,039	\$ -	\$ 140,602

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.

DAVIESS COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Sheriff's Retirement and Benefit Pension Plans:

Standard and Poor's Rating	Moody's Rating	County's Investments		
		Mutual Funds	Corporate Bonds	Government Sponsored Enterprise
AAA	Aaa	\$ -	\$ -	\$ -
AA	Aa	-	-	-
A	A	-	-	-
BBB	Baa	-	-	-
BB	Ba	-	-	-
B	B	-	-	-
CCC	Caa	-	-	-
Unrated	Unrated	<u>1,535,100</u>	<u>120,984</u>	<u>221,577</u>
Totals		<u>\$ 1,535,100</u>	<u>\$ 120,984</u>	<u>\$ 221,577</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.

Foreign Currency Risk

The County does not have a formal policy in regards to foreign currency risk.

The Sheriff's Merit Board has not adopted a formal policy in regards to foreign currency risk.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2007, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2007</u>
Other governmental funds	Other governmental funds	<u>\$ 140,707</u>

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

DAVIESS COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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; and natural disasters.

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

B. Related Party Transactions

During the period for which financial statements are presented, the County had material transactions with First Federal Savings and Loan Association. Certificates of deposits were purchased in the amount of \$1,581,700. Anthony Wichman, County Commissioner, is Vice president of First Federal Savings and Loan Association.

C. Holding Corporation

The County has entered into a capital lease with Daviess County Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the County. The lessor has been determined to be a related party of the County. Lease payments during the year totaled \$335,000.

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

DAVISS COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Cost

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

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

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.

DAVISS COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Cost

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

Actuarial Information for the Above Plans

	PERF	County Police Retirement Plan	County Police Benefit Plan
Annual required contribution	\$ 293,122	\$ 135,626	\$ 10,038
Interest on net pension obligation	(14,166)	784	-
Adjustment to annual required contribution	16,143	(1,126)	-
Annual pension cost	295,099	135,284	10,038
Contributions made	296,106	120,409	10,038
Increase (decrease) in net pension obligation	(1,007)	14,875	-
Net pension obligation, beginning of year	(195,392)	11,206	-
Net pension obligation, end of year	\$ (196,399)	\$ 26,081	\$ -

	PERF	County Police Retirement Plan	County Police Benefit Plan
Contribution rates:			
County	6%	22%	2%
Plan members	3%	6%	6%
Actuarial valuation date	07-01-06	01-01-07	01-01-07
Actuarial cost method	Entry age	Entry age	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%	7%	7%
Projected future salary increases:			
Total	5%	5%	5%
Attributed to inflation	4%	4%	4%
Attributed to merit/seniority	1%	1%	1%
Cost-of-living adjustments	2%	2%	0%

DAVISS 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	\$ 190,877	125%	\$ (174,658)
	06-30-05	234,401	109%	(195,392)
	06-30-06	295,099	100%	(196,399)
County Police Retirement Plan	12-31-05	108,573	0%	22,506
	12-31-06	117,995	0%	11,206
	12-31-07	135,284	0%	26,081
County Police Benefit Plan	12-31-05	9,734	100%	-
	12-31-06	9,608	100%	-
	12-31-07	10,038	100%	-

DAVIESS 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)	Assets Over Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 3,339,495	\$ 4,094,322	\$ (754,827)	82%	\$ 3,725,410	(20%)
07-01-05	3,541,731	4,721,590	(1,179,859)	75%	4,021,168	(29%)
07-01-06	4,196,760	5,417,450	(1,220,690)	77%	4,560,474	(27%)

County Police Pension Plan

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)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-01	\$ 1,023,920	\$ 1,023,920	\$ -	100%	\$ 414,003	0%
01-01-02	1,064,006	1,064,006	-	100%	424,754	0%
01-01-03	1,093,169	1,093,169	-	100%	464,749	0%
01-01-04	1,151,954	1,151,954	-	100%	483,758	0%
01-01-05	1,242,374	1,242,374	-	100%	488,666	0%
01-01-06	1,405,911	1,405,911	-	100%	576,912	0%
01-01-07	1,615,831	1,615,831	-	100%	656,926	0%
01-01-08	1,809,928	2,191,996	(382,068)	83%	643,022	(59%)

DAVISS 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, 2007

	Health	Local Road and Street	Accident Report	Firearms Training	Pretrial Diversion	Park and Recreation	Surveyor's Corner Perpetuation
Receipts:							
Taxes	\$ 159,100	\$ -	\$ -	\$ -	\$ -	\$ 1,068	\$ -
Licenses and permits	26,426	-	-	-	-	-	-
Intergovernmental	17,527	257,701	-	-	-	118	-
Charges for services	-	-	1,814	9,050	-	-	6,515
Fines and forfeits	-	-	-	-	-	-	-
Other	12,996	1,857	-	-	100	-	-
Total receipts	216,049	259,558	1,814	9,050	100	1,186	6,515
Disbursements:							
General government	-	-	-	-	-	-	8,850
Public safety	-	-	1,161	3,753	59,620	-	-
Highways and streets	-	257,517	-	-	-	-	-
Health and welfare	196,996	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	1,500	-
Capital outlay:							
Public safety	-	-	-	-	-	-	-
Total disbursements	196,996	257,517	1,161	3,753	59,620	1,500	8,850
Excess (deficiency) of receipts over disbursements	19,053	2,041	653	5,297	(59,520)	(314)	(2,335)
Other financing sources (uses):							
Transfers in	-	-	-	-	65,385	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	65,385	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	19,053	2,041	653	5,297	5,865	(314)	(2,335)
Cash and investment fund balance - beginning	126,918	50,931	7,436	8,562	124,114	3,955	7,024
Cash and investment fund balance - ending	\$ 145,971	\$ 52,972	\$ 8,089	\$ 13,859	\$ 129,979	\$ 3,641	\$ 4,689
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	145,971	51,811	9,250	13,859	129,979	3,641	4,689
Total cash and investment assets - December 31	\$ 145,971	\$ 51,811	\$ 9,250	\$ 13,859	\$ 129,979	\$ 3,641	\$ 4,689
Cash and Investment Fund Balance - December 31							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,689
Public safety	-	-	9,250	13,859	129,979	-	-
Highway and street	-	51,811	-	-	-	-	-
Health and welfare	145,971	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	3,641	-
Debt service	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 145,971	\$ 51,811	\$ 9,250	\$ 13,859	\$ 129,979	\$ 3,641	\$ 4,689

DAVIESS 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, 2007
 (Continued)

	Supplemental Adult Probation Services	Supplemental Juvenile Probation Services	County Extradition	Recorder's Records Perpetuation	County Law Enforcement Continuing Education	County User Fee	Local Health Maintenance
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	41,604
Charges for services	92,885	18,359	-	67,340	-	-	-
Fines and forfeits	-	-	-	-	-	74,985	-
Other	-	-	-	5,514	-	-	8,923
Total receipts	92,885	18,359	-	72,854	-	74,985	50,527
Disbursements:							
General government	-	-	-	19,881	-	-	-
Public safety	93,941	-	309	-	960	4,080	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	48,581
Culture and recreation	-	-	-	-	-	-	-
Capital outlay:							
Public safety	-	-	-	-	-	-	-
Total disbursements	93,941	-	309	19,881	960	4,080	48,581
Excess (deficiency) of receipts over disbursements	(1,056)	18,359	(309)	52,973	(960)	70,905	1,946
Other financing sources (uses):							
Transfers in	-	-	-	-	960	-	-
Transfers out	-	-	-	-	-	(66,345)	-
Total other financing sources (uses)	-	-	-	-	960	(66,345)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,056)	18,359	(309)	52,973	-	4,560	1,946
Cash and investment fund balance - beginning	172,847	65,517	403	201,710	-	71,157	49,367
Cash and investment fund balance - ending	<u>\$ 171,791</u>	<u>\$ 83,876</u>	<u>\$ 94</u>	<u>\$ 254,683</u>	<u>\$ -</u>	<u>\$ 75,717</u>	<u>\$ 51,313</u>
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	171,791	83,876	94	254,683	-	75,717	51,313
Total cash and investment assets - December 31	\$ 171,791	\$ 83,876	\$ 94	\$ 254,683	\$ -	\$ 75,717	\$ 51,313
Cash and Investment Fund Balance - December 31							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ 254,683	\$ -	\$ -	\$ -
Public safety	171,791	83,876	94	-	-	75,717	-
Highway and street	-	-	-	-	-	-	51,313
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 171,791	\$ 83,876	\$ 94	\$ 254,683	\$ -	\$ 75,717	\$ 51,313

DAVISS 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, 2007
 (Continued)

	Sheriff's Commissary	Drainage Maintenance	Community Corrections Home Detention	Emergency Planning and Right to Know	County Drug Free Community	Guardian Ad Litem	County Corrections
Receipts:							
Taxes	\$ -	\$ 78,073	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	20,238
Charges for services	218,859	-	169,586	-	-	-	-
Fines and forfeits	-	-	-	-	27,049	-	-
Other	-	-	-	-	-	-	-
Total receipts	218,859	78,073	169,586	-	27,049	-	20,238
Disbursements:							
General government	-	63,488	-	-	-	-	-
Public safety	205,718	-	77,895	5,551	38,549	524	20,361
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay:							
Public safety	-	-	-	-	-	-	-
Total disbursements	205,718	63,488	77,895	5,551	38,549	524	20,361
Excess (deficiency) of receipts over disbursements	13,141	14,585	91,691	(5,551)	(11,500)	(524)	(123)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	(46,801)	-	-	-	-
Total other financing sources (uses)	-	-	(46,801)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	13,141	14,585	44,890	(5,551)	(11,500)	(524)	(123)
Cash and investment fund balance - beginning	13,798	192,391	257,883	8,223	37,569	11,781	24,235
Cash and investment fund balance - ending	<u>\$ 26,939</u>	<u>\$ 206,976</u>	<u>\$ 302,773</u>	<u>\$ 2,672</u>	<u>\$ 26,069</u>	<u>\$ 11,257</u>	<u>\$ 24,112</u>
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	26,939	206,976	302,773	2,672	26,069	11,257	24,112
Total cash and investment assets - December 31	<u>\$ 26,939</u>	<u>\$ 206,976</u>	<u>\$ 302,773</u>	<u>\$ 2,672</u>	<u>\$ 26,069</u>	<u>\$ 11,257</u>	<u>\$ 24,112</u>
Cash and Investment Fund Balance - December 31							
Restricted for:							
General government	\$ -	\$ 206,976	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	26,939	-	302,773	2,672	26,069	11,257	24,112
Highway and street	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 26,939</u>	<u>\$ 206,976</u>	<u>\$ 302,773</u>	<u>\$ 2,672</u>	<u>\$ 26,069</u>	<u>\$ 11,257</u>	<u>\$ 24,112</u>

DAVISS 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, 2007
 (Continued)

	Supplemental Public Defender Services	Adult Protective Services	Community Services User Fees	Convention and Tourism Bureau	County Aviation	Community Corrections	Emergency Telephone System
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ 166,763	\$ 79,016	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	102,710	-	-	8,705	-	-
Charges for services	-	-	-	-	132,392	-	-
Fines and forfeits	46,059	-	-	-	-	-	-
Other	-	-	65,011	-	-	175,822	259,031
Total receipts	46,059	102,710	65,011	166,763	220,113	175,822	259,031
Disbursements:							
General government	-	-	-	166,763	237,094	-	-
Public safety	45,961	100,209	211	-	-	260,180	212,787
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Capital outlay:							
Public safety	-	-	-	-	-	-	-
Total disbursements	45,961	100,209	211	166,763	237,094	260,180	212,787
Excess (deficiency) of receipts over disbursements	98	2,501	64,800	-	(16,981)	(84,358)	46,244
Other financing sources (uses):							
Transfers in	-	-	-	-	-	74,362	-
Transfers out	-	-	(27,561)	-	-	-	-
Total other financing sources (uses)	-	-	(27,561)	-	-	74,362	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	98	2,501	37,239	-	(16,981)	(9,996)	46,244
Cash and investment fund balance - beginning	110,015	(7,580)	44,930	-	297,646	25,221	134,623
Cash and investment fund balance - ending	<u>\$ 110,113</u>	<u>\$ (5,079)</u>	<u>\$ 82,169</u>	<u>\$ -</u>	<u>\$ 280,665</u>	<u>\$ 15,225</u>	<u>\$ 180,867</u>
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ (5,079)	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:							
Cash and investments	110,113	-	82,169	-	280,665	15,225	180,867
Total cash and investment assets - December 31	<u>\$ 110,113</u>	<u>\$ (5,079)</u>	<u>\$ 82,169</u>	<u>\$ -</u>	<u>\$ 280,665</u>	<u>\$ 15,225</u>	<u>\$ 180,867</u>
Cash and Investment Fund Balance - December 31							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ 280,665	\$ -	\$ -
Public safety	110,113	(5,079)	82,169	-	-	15,225	180,867
Highway and street	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 110,113</u>	<u>\$ (5,079)</u>	<u>\$ 82,169</u>	<u>\$ -</u>	<u>\$ 280,665</u>	<u>\$ 15,225</u>	<u>\$ 180,867</u>

DAVIESS 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, 2007
 (Continued)

	County Family and Children	Clerk's Record Perpetuation	FAA Airport Improvement Grant	Airport Improvement Grant 2004	Tobacco Master Settlement	Wireless Emergency Telephone
Receipts:						
Taxes	\$ 699,400	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	665,447	-	-	965,864	20,141	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	5,952	-	-	-	-
Other	482	-	-	-	-	150,525
Total receipts	1,365,329	5,952	-	965,864	20,141	150,525
Disbursements:						
General government	-	-	-	962,716	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	1,555,174	-	-	-	19,608	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
Public safety	-	-	-	-	-	-
Total disbursements	1,555,174	-	-	962,716	19,608	-
Excess (deficiency) of receipts over disbursements	(189,845)	5,952	-	3,148	533	150,525
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	(189,845)	5,952	-	3,148	533	150,525
Cash and investment fund balance - beginning	234,305	13,919	7,083	191	28,299	301,113
Cash and investment fund balance - ending	<u>\$ 44,460</u>	<u>\$ 19,871</u>	<u>\$ 7,083</u>	<u>\$ 3,339</u>	<u>\$ 28,832</u>	<u>\$ 451,638</u>
Cash and Investment Assets - December 31						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	44,460	19,871	7,083	3,339	28,832	451,638
Total cash and investment assets - December 31	<u>\$ 44,460</u>	<u>\$ 19,871</u>	<u>\$ 7,083</u>	<u>\$ 3,339</u>	<u>\$ 28,832</u>	<u>\$ 451,638</u>
Cash and Investment Fund Balance - December 31						
Restricted for:						
General government	\$ -	\$ 19,871	\$ 7,083	\$ 3,339	\$ -	\$ -
Public safety	-	-	-	-	-	451,638
Highway and street	-	-	-	-	-	-
Health and welfare	44,460	-	-	-	28,832	-
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 44,460</u>	<u>\$ 19,871</u>	<u>\$ 7,083</u>	<u>\$ 3,339</u>	<u>\$ 28,832</u>	<u>\$ 451,638</u>

DAVISS 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, 2007
 (Continued)

	Sales Disclosure	Community Transition Program Grant	Sheriff Donation	Sheriff Federal Enforcement	Sheriff State Drug Buy Money	Riverboat Revenue
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	721	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	3,700	-	13,284	149,200	39,600	188,038
Total receipts	3,700	721	13,284	149,200	39,600	188,038
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	152	12,884	106,407	28,363	188,038
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
Public safety	-	-	-	-	-	-
Total disbursements	-	152	12,884	106,407	28,363	188,038
Excess (deficiency) of receipts over disbursements	3,700	569	400	42,793	11,237	-
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	3,700	569	400	42,793	11,237	-
Cash and investment fund balance - beginning	18,676	141	3,403	24,191	6,626	-
Cash and investment fund balance - ending	<u>\$ 22,376</u>	<u>\$ 710</u>	<u>\$ 3,803</u>	<u>\$ 66,984</u>	<u>\$ 17,863</u>	<u>\$ -</u>
Cash and Investment Assets - December 31						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	22,376	710	3,803	66,984	17,863	-
Total cash and investment assets - December 31	<u>\$ 22,376</u>	<u>\$ 710</u>	<u>\$ 3,803</u>	<u>\$ 66,984</u>	<u>\$ 17,863</u>	<u>\$ -</u>
Cash and Investment Fund Balance - December 31						
Restricted for:						
General government	\$ 22,376	\$ 710	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	3,803	66,984	17,863	-
Highway and street	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 22,376</u>	<u>\$ 710</u>	<u>\$ 3,803</u>	<u>\$ 66,984</u>	<u>\$ 17,863</u>	<u>\$ -</u>

DAVISS 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, 2007
 (Continued)

	Daviess/Martin Joint Park	Child Psych. Residential Treatment	Bioterrorism	Rainy Day Fund	Boater Safety Education	State Homeland Security Grant
Receipts:						
Taxes	\$ -	\$ 66,203	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	7,292	-	-	30,610	72,498
Charges for services	673,065	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	17,160	-	-	855,382	-	-
Total receipts	690,225	73,495	-	855,382	30,610	72,498
Disbursements:						
General government	-	-	-	-	-	-
Public safety	-	-	4,052	-	27,035	61,248
Highways and streets	-	-	-	-	-	-
Health and welfare	-	31,210	-	-	-	-
Culture and recreation	755,190	-	-	-	-	-
Capital outlay:						
Public safety	-	-	-	-	-	-
Total disbursements	755,190	31,210	4,052	-	27,035	61,248
Excess (deficiency) of receipts over disbursements	(64,965)	42,285	(4,052)	855,382	3,575	11,250
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	(64,965)	42,285	(4,052)	855,382	3,575	11,250
Cash and investment fund balance - beginning	131,233	106,338	13,318	-	-	-
Cash and investment fund balance - ending	<u>\$ 66,268</u>	<u>\$ 148,623</u>	<u>\$ 9,266</u>	<u>\$ 855,382</u>	<u>\$ 3,575</u>	<u>\$ 11,250</u>
Cash and Investment Assets - December 31						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	66,268	148,623	9,266	855,382	3,575	11,250
Total cash and investment assets - December 31	<u>\$ 66,268</u>	<u>\$ 148,623</u>	<u>\$ 9,266</u>	<u>\$ 855,382</u>	<u>\$ 3,575</u>	<u>\$ 11,250</u>
Cash and Investment Fund Balance - December 31						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ 855,382	\$ -	\$ -
Public safety	-	-	9,266	-	3,575	11,250
Highway and street	-	-	-	-	-	-
Health and welfare	-	148,623	-	-	-	-
Culture and recreation	66,268	-	-	-	-	-
Debt service	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 66,268</u>	<u>\$ 148,623</u>	<u>\$ 9,266</u>	<u>\$ 855,382</u>	<u>\$ 3,575</u>	<u>\$ 11,250</u>

DAVIESS 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, 2007
 (Continued)

	Operation Pull-Over Grant	West Gate @ Crane Authority	Public Health Preparedness	Pandemic/ Influenza	Identity Security Protection	Clerk's Title III
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	2,800	-	60,741	-	-	-
Charges for services	-	-	-	-	-	725
Fines and forfeits	-	-	-	-	-	-
Other	-	155,352	-	-	13,054	-
Total receipts	2,800	155,352	60,741	-	13,054	725
Disbursements:						
General government	-	145,403	-	-	-	-
Public safety	2,800	-	-	-	4,201	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	54,968	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
Public safety	-	-	-	-	-	-
Total disbursements	2,800	145,403	54,968	-	4,201	-
Excess (deficiency) of receipts over disbursements	-	9,949	5,773	-	8,853	725
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	-	9,949	5,773	-	8,853	725
Cash and investment fund balance - beginning	-	-	(12,591)	500	12,947	70
Cash and investment fund balance - ending	\$ -	\$ 9,949	\$ (6,818)	\$ 500	\$ 21,800	\$ 795
Cash and Investment Assets - December 31						
Cash and investments	\$ -	\$ -	\$ (6,818)	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	-	9,949	-	500	21,800	795
Total cash and investment assets - December 31	\$ -	\$ 9,949	\$ (6,818)	\$ 500	\$ 21,800	\$ 795
Cash and Investment Fund Balance - December 31						
Restricted for:						
General government	\$ -	\$ 9,949	\$ -	\$ -	\$ -	\$ 795
Public safety	-	-	-	-	21,800	-
Highway and street	-	-	-	-	-	-
Health and welfare	-	-	(6,818)	500	-	-
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ -	\$ 9,949	\$ (6,818)	\$ 500	\$ 21,800	\$ 795

DAVISS 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, 2007
 (Continued)

	Daviess County CREDIT	Cumulative Capital Development	Cumulative Courthouse Buildings	County Jail Revenue	Cumulative Jail	Totals
Receipts:						
Taxes	\$ 1,505,570	\$ 302,184	\$ -	\$ -	\$ -	\$ 3,057,377
Licenses and permits	-	-	-	-	-	26,426
Intergovernmental	-	33,290	-	-	-	2,308,007
Charges for services	-	-	-	-	-	1,390,590
Fines and forfeits	-	-	-	-	-	154,045
Other	-	-	-	1,065,266	-	3,180,297
Total receipts	<u>1,505,570</u>	<u>335,474</u>	<u>-</u>	<u>1,065,266</u>	<u>-</u>	<u>10,116,742</u>
Disbursements:						
General government	2,000,029	-	-	-	-	3,604,224
Public safety	-	-	-	-	-	1,566,950
Highways and streets	-	-	-	-	-	257,517
Health and welfare	-	-	-	-	-	1,906,537
Culture and recreation	-	-	-	-	-	756,690
Capital outlay:						
Public safety	-	-	38,309	909,794	209,327	1,157,430
Total disbursements	<u>2,000,029</u>	<u>-</u>	<u>38,309</u>	<u>909,794</u>	<u>209,327</u>	<u>9,249,348</u>
Excess (deficiency) of receipts over disbursements	<u>(494,459)</u>	<u>335,474</u>	<u>(38,309)</u>	<u>155,472</u>	<u>(209,327)</u>	<u>867,394</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	140,707
Transfers out	-	-	-	-	-	(140,707)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(494,459)</u>	<u>335,474</u>	<u>(38,309)</u>	<u>155,472</u>	<u>(209,327)</u>	<u>867,394</u>
Cash and investment fund balance - beginning	<u>816,433</u>	<u>127,873</u>	<u>91,962</u>	<u>405,442</u>	<u>467,092</u>	<u>4,839,240</u>
Cash and investment fund balance - ending	<u>\$ 321,974</u>	<u>\$ 463,347</u>	<u>\$ 53,653</u>	<u>\$ 560,914</u>	<u>\$ 257,765</u>	<u>\$ 5,706,634</u>
<u>Cash and Investment Assets - December 31</u>						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (11,897)
Restricted assets:						
Cash and investments	<u>321,974</u>	<u>463,347</u>	<u>53,653</u>	<u>560,914</u>	<u>257,765</u>	<u>5,718,531</u>
Total cash and investment assets - December 31	<u>\$ 321,974</u>	<u>\$ 463,347</u>	<u>\$ 53,653</u>	<u>\$ 560,914</u>	<u>\$ 257,765</u>	<u>\$ 5,706,634</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
General government	\$ -	\$ 463,347	\$ 53,653	\$ -	\$ -	\$ 2,183,518
Public safety	-	-	-	560,914	257,765	2,666,541
Highway and street	-	-	-	-	-	103,124
Health and welfare	-	-	-	-	-	361,568
Culture and recreation	-	-	-	-	-	69,909
Debt service	<u>321,974</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>321,974</u>
Total cash and investment fund balance - December 31	<u>\$ 321,974</u>	<u>\$ 463,347</u>	<u>\$ 53,653</u>	<u>\$ 560,914</u>	<u>\$ 257,765</u>	<u>\$ 5,706,634</u>

DAVIESS COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For The Year Ended December 31, 2007

	<u>Congressional School Principal</u>	<u>Landfill Closure/Post Closure</u>	<u>Totals</u>
Additions:			
Investment earnings:			
Interest	\$ -	\$ 8,055	\$ 8,055
Excess of total additions over total deductions	-	8,055	8,055
Cash and investment fund balance - beginning	<u>19,656</u>	<u>158,105</u>	<u>177,761</u>
Cash and investment fund balance - ending	<u>\$ 19,656</u>	<u>\$ 166,160</u>	<u>\$ 185,816</u>

DAVIESS COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2007

	<u>GPC TIF</u>	<u>Tax Sale Redemption</u>	<u>Tax Sale Surplus</u>	<u>State Fees</u>	<u>Inheritance Tax</u>	<u>Surplus Tax</u>	<u>Congressional School Interest</u>
Additions:							
Agency fund additions	\$ 578,480	\$ 26,127	\$ 116,901	\$ 27,014	\$ 664,464	\$ 51,219	\$ 2,968
Deductions:							
Agency fund deductions	578,480	28,562	71,831	27,233	794,995	51,916	-
Excess (deficiency) of total additions over total deductions	-	(2,435)	45,070	(219)	(130,531)	(697)	2,968
Cash and investment fund balance - beginning	-	2,458	103,326	354	156,234	1,434	59,079
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 23</u>	<u>\$ 148,396</u>	<u>\$ 135</u>	<u>\$ 25,703</u>	<u>\$ 737</u>	<u>\$ 62,047</u>

DAVIESS COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Prosecutor's Trust	County Sheriff	Tax Distributions	Sewage Collections	County Payroll	Clerk of the Circuit Court	Welfare Trust
Additions: Agency fund additions	\$ 111,545	\$ 792,364	\$ 31,120,077	\$ 3,518	\$ 4,334,723	\$ 2,735,071	\$ 1,724
Deductions: Agency fund deductions	102,376	792,364	31,115,258	3,518	4,201,136	2,713,062	579
Excess (deficiency) of total additions over total deductions	9,169	-	4,819	-	133,587	22,009	1,145
Cash and investment fund balance - beginning	26,369	-	13,486	-	142,221	780,473	2,825
Cash and investment fund balance - ending	<u>\$ 35,538</u>	<u>\$ -</u>	<u>\$ 18,305</u>	<u>\$ -</u>	<u>\$ 275,808</u>	<u>\$ 802,482</u>	<u>\$ 3,970</u>

DAVIESS COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Sheriff's Inmate Trust	County Recorder	County Treasurer	Educational Plate Fee	City/Town Court Costs	Probation Department	City Users Fees Deferral
Additions:							
Agency fund additions	\$ 208,348	\$ 190,154	\$ 36,971,790	\$ 2,137	\$ 8,137	\$ 121,801	\$ 5,610
Deductions:							
Agency fund deductions	200,237	197,159	36,899,431	2,137	12,903	119,750	5,610
Excess (deficiency) of total additions over total deductions	8,111	(7,005)	72,359	-	(4,766)	2,051	-
Cash and investment fund balance - beginning	896	18,582	535,942	-	4,766	31,316	-
Cash and investment fund balance - ending	<u>\$ 9,007</u>	<u>\$ 11,577</u>	<u>\$ 608,301</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,367</u>	<u>\$ -</u>

DAVIESS COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	County Airport	State Fines and Forfeitures	Interstate Compact Fee	Children With Special Health Care Needs	Medical Assistance to Wards	Health Care for the Indigent
Additions: Agency fund additions	\$ 130,393	\$ 116	\$ 375	\$ 50,389	\$ 44,529	\$ 50,389
Deductions: Agency fund deductions	134,779	166	413	50,389	44,529	50,389
Excess (deficiency) of total additions over total deductions	(4,386)	(50)	(38)	-	-	-
Cash and investment fund balance - beginning	10,892	50	38	-	-	-
Cash and investment fund balance - ending	<u>\$ 6,506</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

DAVIESS COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Community Corrections	Health Department	Homestead Credit & Rebate	State Welfare Excise Tax Allocation	Redevelopment Allocation	Totals
Additions:						
Agency fund additions	\$ 313,647	\$ 42,438	\$ 1,005,076	\$ 26,668	\$ 135,206	\$ 79,873,398
Deductions:						
Agency fund deductions	307,734	42,438	46,890	26,668	-	78,622,932
Excess (deficiency) of total additions over total deductions	5,913	-	958,186	-	135,206	1,250,466
Cash and investment fund balance - beginning	22,141	-	-	-	-	1,912,882
Cash and investment fund balance - ending	\$ 28,054	\$ -	\$ 958,186	\$ -	\$ 135,206	\$ 3,163,348

Auditor of Daviess County

Gail L. Doades

Daviess County Courthouse

200 E. Walnut St.

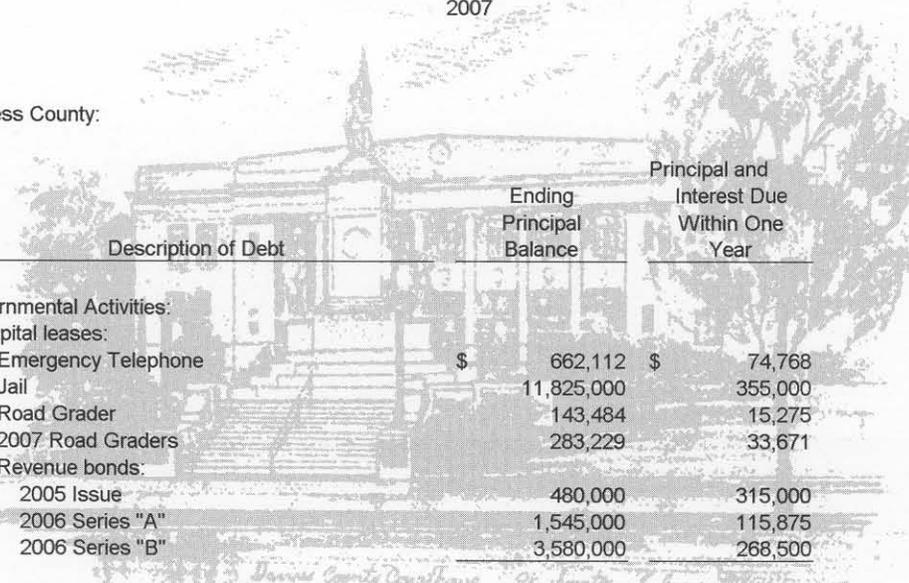
Washington, IN 47501

812-254-8662

812-254-8697 Fax

SUPPLEMENTARY INFORMATION SCHEDULE OF LONG-TERM DEBT 2007

Daviess County:



Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Emergency Telephone	\$ 662,112	\$ 74,768
Jail	11,825,000	355,000
Road Grader	143,484	15,275
2007 Road Graders	283,229	33,671
Revenue bonds:		
2005 Issue	480,000	315,000
2006 Series "A"	1,545,000	115,875
2006 Series "B"	3,580,000	268,500
Total governmental activities debt	\$ 18,518,825	\$ 1,178,089

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SUPPLEMENTARY INFORMATION SCHEDULE OF CAPITAL ASSETS

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.

Primary Government

Ending
Balance

Governmental activities:

Capital assets, not being depreciated:

Land	\$ 214,686
Buildings	16,475,298
Improvements other than buildings	1,288,665
Machinery and equipment	<u>6,288,442</u>

Total governmental activities, capital
assets not being depreciated

\$ 24,267,091

DAVIESS COUNTY
OTHER REPORTS

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

County Board of Aviation
County Probation

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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 DAVIESS COUNTY, INDIANA

Compliance

We have audited the compliance of the Daviess County (County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2007. The County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

As described in item 2007-1 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding procurement that are applicable to its Airport Improvement Program. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its other major federal programs for the year ended December 31, 2007.

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

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)

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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below.

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. We consider the deficiencies in internal control over compliance described in item 2007-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

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. We did not consider any of the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

This report is intended solely for the information and use of the County's management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 7, 2008

DAVIESS COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2007

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Direct Grant			
Airport Improvement Program	20.106		
		3-18-0086-07	\$ 394,990
		3-18-0086-08	387,279
		3-18-0086-09	<u>155,762</u>
Total for federal grantor agency			<u>938,031</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through Indiana State Department of Health			
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283		
Bioterrorism Preparedness and Response			4,052
Public Health Preparedness			<u>54,968</u>
Total for program			<u>59,020</u>
Pass-Through Indiana Department of Child Services			
Child Support Enforcement	93.563		
County Prosecutor			140,649
County Clerk			21,495
Collection Incentives			<u>14,641</u>
Total for program			<u>176,785</u>
Total for federal grantor agency			<u>235,805</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security			
Homeland Security Grant Program	97.004		
Support Program			<u>61,248</u>
Total federal awards expended			<u>\$ 1,235,084</u>

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

DAVIESS COUNTY
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

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

DAVISS COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Qualified

Internal control over financial reporting:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	yes

Type of auditor's report issued on compliance for major programs: Qualified for the Airport Improvement Program. Other major programs are unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes

Identification of Major Program:

CFDA Number	Name of Federal Program or Cluster
20.106	Airport Improvement Program

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

DAVISS COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2007-1, CONSTRUCTION PROCUREMENT

Federal Agency: U.S. Department of Transportation
Federal Program: Airport Improvement Program
CFDA Number: 20.106
Federal Award Number: 3-18-0086-08

The County Board of Aviation did not request or receive bids as required by the Public Works Law of the State of Indiana for the construction of a 10 unit T-Hangar and Hangar Taxiways. The Board of Aviation considered this to be a continuation of a prior construction project, so they elected to accept change orders for the additional construction rather than to re-bid the new project. In 2007, the Aviation Board accepted a change order with Graber Post Buildings, Inc., for \$249,875 which is 100% of original contract.

OMB Circular A-133 states:

"States, and governmental sub-recipients of States, shall use the same State policies and procedures as used for procurements of non-Federal funds."

Indiana Code 36-1-12-4(a) states in part:

"This section applies whenever the cost of a public work project will be:

- (1) at least seventy-five thousand dollars (\$75,000) in:
 - (A) a consolidated city or second class city; or
 - (B) a county containing a consolidated city or second class city;
- (2) at least fifty thousand dollars (\$50,000) in:
 - (A) a third class city or town with a population of more than five thousand (5,000), or
 - (B) a county containing a third class city or town with a population of more than five thousand (5,000); or
- (3) at least twenty-five thousand dollars (\$25,000) in a political subdivision or an agency not described in subdivision (1) or (2)."

Indiana Code 36-1-12-4(b) states in part:

"The board must comply with the following procedure:

- (1) The board shall prepare general plans and specifications describing the kind of public work required, but shall avoid specifications which might unduly limit competition. . . .
- (2) The board shall file the plans and specifications in a place reasonably accessible to the public, which shall be specified in the notice required by subdivision (3).

DAVISS COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (3) Upon the filing of the plans and specifications, the board shall publish notice in accordance with IC 5-3-1 calling for sealed proposals for the public work needed.
..."

Indiana Code 36-1-12-18(d) states in part:

"The total of all change orders issued that increase the scope of the project may not exceed twenty percent (20%) of the amount of the original contract."

Indiana Code 36-1-12-18(e) states:

"All change order must be directly related to the original public work project."

Failure to comply with the Public Works Law makes it difficult for the unit to ensure compliance with the requirements of the program. Additionally, the unit's ability to obtain future federal awards may be jeopardized.

We recommended that officials review the procedures used to procure future construction project to ensure that they are in compliance with the applicable laws of the State of Indiana.

Auditor of Daviess County

Gail L. Doades

Daviess County Courthouse

200 E. Walnut St.

Washington, IN 47501

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FINDING NO. 2006-1 PROCUREMENT

Federal Agency: Federal Aviation Administration

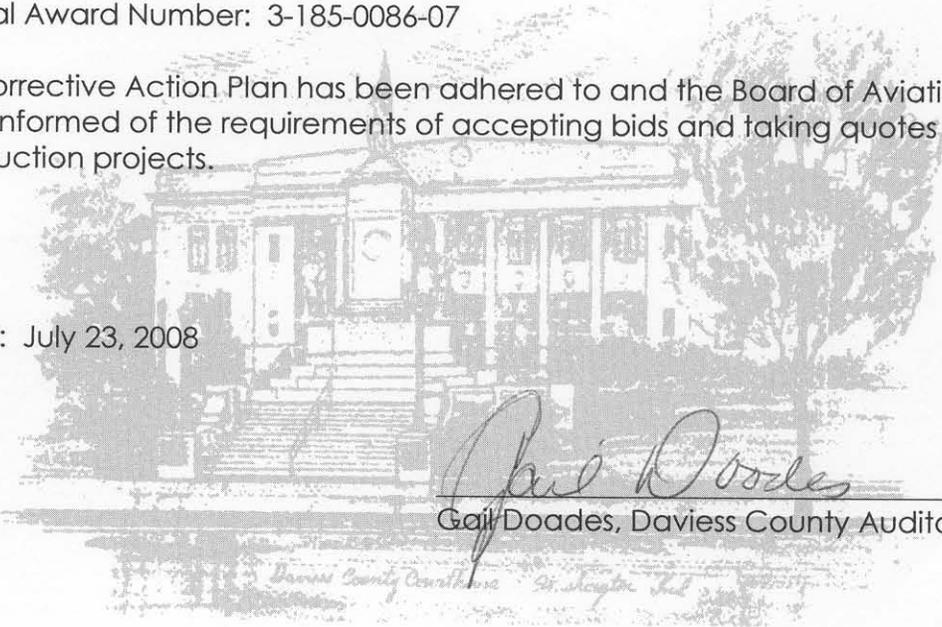
Federal Program: Airport Improvement Program

CFDA Number : 20.106

Federal Award Number: 3-185-0086-07

The Corrective Action Plan has been adhered to and the Board of Aviation has been informed of the requirements of accepting bids and taking quotes on future construction projects.

Dated: July 23, 2008



Gail Doades
Gail Doades, Daviess County Auditor

Auditor of Daviess County

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Washington, IN 47501

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CORRECTIVE ACTION PLAN

Section III – Federal Award Findings and Questioned Costs

Finding No. 2007-1 PROCUREMENT

Federal Agency: Federal Aviation Administration

Federal Program: Airport Improvement Program

CFDA Number: 20.106

Federal Award Number: 3-185-0086-08

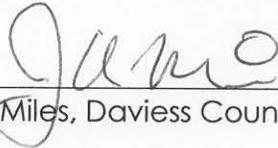
Corrective Action :

1. The County Board of Aviation and Jack Miles, County Airport Manager have discussed the finding and have reviewed the Public Works Law of the State of Indiana.
2. In the future, all projects will be bid according to the Public Works Law of the State of Indiana.

Dated: July 23, 2008



Gail Doades, Daviess County Auditor



Jack Miles, Daviess County Airport Manager

DAVISS COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 7, 2008, with Jim Truelove, President of the Board of County Commissioners; Kenneth Solliday, County Council Board member; and Gail Doades, Auditor. Our audit disclosed no material items that warrant comment at this time.