

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

ANNUAL FINANCIAL REPORT

2007

MARTIN COUNTY, INDIANA



FILED

09/12/2008

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Frances K. Taylor	01-01-05 to 12-31-08
Treasurer	Vicki D. Boyd	01-01-05 to 12-31-08
Clerk	John R. Hunt Julie Fithian	03-24-06 to 12-31-07 01-01-08 to 12-31-11
Sheriff	Anthony J. Dant	01-01-07 to 12-31-10
Recorder	Diana Schutte	01-01-05 to 12-31-08
President of the Board of County Commissioners	Michael D. Dant	01-01-07 to 12-31-08
President of the County Council	C. Richard Summers	01-01-07 to 12-31-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF MARTIN COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Martin County (County), as of and for the year ended December 31, 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, 2007, 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 13, 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.

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

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

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 13, 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 MARTIN COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Martin County (County), as of and for the year ended December 31, 2007, which collectively comprise the County's basic financial statements and have issued our report thereon dated August 13, 2008. The opinions to the financial statements were qualified due to the omission of a number of component units of the County. 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.

We noted matters involving the internal control over financial reporting that we discussed with the management of the County on July 22, 2008. These immaterial instances of noncompliance were subsequently communicated to management in a separate letter.

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 13, 2008

MARTIN 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>Capital Grants and Contributions</u>	<u>Net (Disbursement) Receipt and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Governmental Activities</u>
Primary government:					
Governmental activities:					
General government	\$ 1,797,235	\$ 74,745	\$ 59,880	\$ -	\$ (1,662,610)
Public safety	2,479,794	636,573	363,473	230,850	(1,248,898)
Highways and streets	1,704,835	12,015	1,380,195	-	(312,625)
Health and welfare	939,184	29,397	393,174	-	(516,613)
Culture and recreation	11,800	-	43,772	-	31,972
Urban redevelopment and housing	159,467	-	158,767	-	(700)
Interest on long-term debt	34,698	-	-	-	(34,698)
	<u>\$ 7,127,013</u>	<u>\$ 752,730</u>	<u>\$ 2,399,261</u>	<u>\$ 230,850</u>	<u>(3,744,172)</u>
Total primary government					
General receipts:					
Property taxes					1,449,169
Other local sources					1,339,041
Unrestricted investment earnings					247,904
Other revenue					<u>461,068</u>
					Total general receipts
					<u>3,497,182</u>
					Change in net assets
					(246,990)
					Net assets - beginning
					<u>4,552,519</u>
					Net assets - ending
					<u>\$ 4,305,529</u>
<u>Assets</u>					
Cash and investments					\$ 612,980
Restricted assets:					
Cash and investments					<u>3,692,549</u>
Total assets					<u>\$ 4,305,529</u>
<u>Net Assets</u>					
Restricted for:					
General government					\$ 1,099,252
Public safety					784,313
Highways and streets					992,152
Debt service					220,612
Other purposes					596,220
Unrestricted					<u>612,980</u>
Total net assets					<u>\$ 4,305,529</u>

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

MARTIN COUNTY
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2007

	General	County Highway	Cumulative Bridge	Other Governmental Funds	Totals
Receipts:					
Taxes	\$ 2,122,726	\$ -	\$ 109,267	\$ 556,217	\$ 2,788,210
Intergovernmental	139,091	1,273,797	-	1,217,223	2,630,111
Charges for services	225,305	12,015	-	515,410	752,730
Other	290,467	320,240	19,983	78,282	708,972
Total receipts	2,777,589	1,606,052	129,250	2,367,132	6,880,023
Disbursements:					
General government	1,565,515	-	-	231,720	1,797,235
Public safety	1,289,021	-	-	845,773	2,134,794
Highways and streets	-	1,520,041	79,486	105,308	1,704,835
Health and welfare	211,000	-	-	728,184	939,184
Culture and recreation	-	-	-	11,800	11,800
Urban redevelopment and housing	-	-	-	159,467	159,467
Debt service:					
Principal	-	-	-	345,000	345,000
Interest	-	-	-	34,698	34,698
Total disbursements	3,065,536	1,520,041	79,486	2,461,950	7,127,013
Excess (deficiency) of receipts over disbursements	(287,947)	86,011	49,764	(94,818)	(246,990)
Other financing sources (uses):					
Transfers in	-	-	-	495,266	495,266
Transfers out	-	-	-	(495,266)	(495,266)
Total other financing sources (uses)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(287,947)	86,011	49,764	(94,818)	(246,990)
Cash and investment fund balance - beginning	900,927	317,670	441,265	2,892,657	4,552,519
Cash and investment fund balance - ending	<u>\$ 612,980</u>	<u>\$ 403,681</u>	<u>\$ 491,029</u>	<u>\$ 2,797,839</u>	<u>\$ 4,305,529</u>
<u>Cash and Investment Assets - December 31</u>					
Cash and investments	\$ 612,980	\$ -	\$ -	\$ -	\$ 612,980
Restricted assets:					
Cash and investments	-	403,681	491,029	2,797,839	3,692,549
Total cash and investment assets - December 31	<u>\$ 612,980</u>	<u>\$ 403,681</u>	<u>\$ 491,029</u>	<u>\$ 2,797,839</u>	<u>\$ 4,305,529</u>
<u>Cash and Investment Fund Balance - December 31</u>					
Restricted for:					
General government	\$ -	\$ -	\$ -	\$ 1,099,252	\$ 1,099,252
Public safety	-	-	-	784,313	784,313
Highways and streets	-	403,681	491,029	97,442	992,152
Debt service	-	-	-	220,612	220,612
Other purposes	-	-	-	596,220	596,220
Unrestricted	612,980	-	-	-	612,980
Total cash and investment fund balance - December 31	<u>\$ 612,980</u>	<u>\$ 403,681</u>	<u>\$ 491,029</u>	<u>\$ 2,797,839</u>	<u>\$ 4,305,529</u>

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

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

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Employer	\$ 93,081	\$ -	\$ -
Plan members	7,426	-	-
Other	<u>-</u>	<u>588</u>	<u>-</u>
Total contributions	<u>100,507</u>	<u>588</u>	<u>-</u>
Investment earnings:			
Net (decrease) in fair value of investments	79,809	-	-
Interest	12,706	-	-
Dividends	<u>19,058</u>	<u>-</u>	<u>-</u>
Total investment earnings	<u>111,573</u>	<u>588</u>	<u>-</u>
Agency fund additions	<u>-</u>	<u>-</u>	<u>27,278,481</u>
Total additions	<u>212,080</u>	<u>588</u>	<u>27,278,481</u>
Deductions:			
Benefits	69,241	-	-
Administrative and general	18,070	-	-
Agency fund deductions	<u>-</u>	<u>-</u>	<u>26,328,332</u>
Total deductions	<u>87,311</u>	<u>-</u>	<u>26,328,332</u>
Excess of total additions over total deductions	124,769	588	950,149
Cash and investment fund balance - beginning	<u>1,005,413</u>	<u>12,957</u>	<u>662,725</u>
Cash and investment fund balance - ending	<u>\$ 1,130,182</u>	<u>\$ 13,545</u>	<u>\$ 1,612,874</u>

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

MARTIN COUNTY
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The County was established under the laws of the State of Indiana. The County operates under a Council-Commissioner form of government and provides the following services: public safety (police), highways and streets, health welfare and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

The County's financial reporting entity is composed of the following:

Primary Government: Martin County

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

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

Joint Venture

The primary government is a participant with Daviess County in a joint venture to operate the Davies-Martin County Joint Park which was created to operate a park and recreational facilities on the West Boggs Creek Watershed. Under the provisions of a joint park resolution enacted March 8, 1996, ". . . the Daviess-Martin Joint Park Board shall determine its total budget request, which total budget shall be presented it to the County Council in each of the respective counties, provided however, that each county shall bear but fifty (50%) per centum of the total budget. . . . That the moneys appropriated by the participating political subdivisions shall be deposited in a Joint Park and Recreation Board fund in the custody of the fiscal officer of each of the respective participating subdivisions . . ." Daviess County operates as the fiscal officer for the park. The Daviess-Martin County Joint Park uses its surplus resources to undertake special projects for the primary government. The Daviess-Martin County Joint Park's continued existence depends on continued funding by the primary government. The primary government is obligated for the debts of the Daviess-Martin County Joint Park. Complete financial statements can be obtained from the Daviess-Martin County Joint Park, RR #3, Box 552, Loogootee, IN 47553.

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.

MARTIN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 distributions from the state as allocated by Indiana Code 8-14-1-3. The state motor vehicle account receives collections from motor vehicle registration fees, licenses, driver's and chauffeur's license fees, gasoline taxes, auto transfer fees, certificate of title fees, weight taxes or excise taxes and all other similar taxes, duties or excises of all kinds of motor vehicles, trailers, motor vehicle fuel or motor vehicle owners or operators per Indiana Code 8-14-1-1. Funds are used for the construction, reconstruction, maintenance or repair of the county highways. They may also be used for the purchase, rental, and repair of highway equipment, painting of bridges and acquisition of highway rights of way and the purchase of fuel oil, and supplies necessary to the performance of construction, reconstruction and maintenance of highways.

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

Additionally, the County reports the following fund types:

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

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

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

C. Measurement Focus and Basis of Accounting

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

MARTIN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Capital Assets

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

3. Long-Term Debt

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

4. Equity Classification

Government-Wide Statements

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

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

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

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

MARTIN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

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.

MARTIN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

B. Cash and Investment Balance Deficits

At December 31, 2007, the following fund reported a deficit in cash and investments, which is a violation of the Uniform Compliance Guidelines and state statute:

Fund	2007
Public Health Coordinator - 2006	\$ 4,623

The cash and investment deficit arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; this deficit is 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. All bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. The Sheriff's Merit Board has 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:

MARTIN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Investment Type	Sheriffs Retirement and Benefit Pension Plans
U.S. treasuries and securities	\$ 29,617
U.S. agencies	47,546
Corporate bonds	174,772
Common stocks	919,797
Total	\$ 1,171,732

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.

MARTIN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The County does not have a formal investment policy for custodial credit risk for investments.

The Sheriff's Merit Board has not adopted an investment policy for custodial credit risk for investments. At December 31, 2007, the Sheriff's Retirement and Benefit Pension Plans held investments in common stocks, U. S. treasury bonds, other agency bonds, and corporate bonds and in the amount of \$1,209,405. Of these investments all \$1,209,405 are held by the investment's counterparty, not in the name of the Sheriff's Pension Plan.

Interest Rate Risk

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

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

Sheriff's Retirement and Benefit Pension Plans:

Investment Type	Investment Maturities (in Years)		
	Less Than 1	1-2	More Than 2
U.S. agencies	\$ -	\$ 7,350	\$ 40,196
U.S. treasuries and securities		8,044	21,573
Corporate bonds	27,840	24,573	122,359
Totals	<u>\$ 27,840</u>	<u>\$ 39,967</u>	<u>\$ 184,128</u>

Credit Risk

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

MARTIN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Sheriff's Retirement and Benefit Pension Plans:

Standard and Poor's Rating	Moody's Rating	Corporate Bonds	Government Sponsored Enterprise	Corporate Stocks
AAA	Aaa	\$ 3,125	\$ 77,163	\$ 67,618
AA	Aa	27,149	-	94,271
A	A	42,020	-	48,616
BBB	Baa	52,297	-	155,233
BB	Ba	10,993	-	148,734
B	B	5,539	-	47,915
CCC	Caa	1,126	-	6,260
Unrated	Unrated	32,523	-	351,150
Totals		<u>\$ 174,772</u>	<u>\$ 77,163</u>	<u>\$ 919,797</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 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:

Transfer From	Transfer To	2007
Other governmental funds	Other governmental funds	<u>\$ 495,266</u>

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

IV. Other Information

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters.

MARTIN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; 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. Risk financing is not utilized for the other risks of loss.

Job Related Illnesses and Injuries

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

B. Holding Corporation

The County has entered into a capital lease with Martin County Security Building Corporation (the lessor). The lessor was organized as a for profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the County. The lessor has been determined to be a related party of the County. Lease payments during the year totaled \$345,000.

C. Administration of Welfare Programs

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

D. Pension Plans

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

1. Public Employees' Retirement Fund

Plan Description

The County contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the County authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

MARTIN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

2. County Police Retirement Plan

Plan Description

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

Funding Policy and Annual Pension Cost

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

3. County Police Benefit Plan

Plan Description

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

Funding Policy and Annual Pension Cost

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

MARTIN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plans

	PERF	County Police Retirement Plan	County Police Benefit Plan
Annual required contribution	\$ 64,533	\$ 65,141	\$ 3,081
Interest on net pension obligation	(5,064)	2,366	-
Adjustment to annual required contribution	5,770	(3,179)	-
Annual pension cost	65,239	64,328	3,081
Contributions made	72,035	86,919	3,081
Increase (decrease) in net pension obligation	(6,796)	(22,591)	-
Net pension obligation, beginning of year	(69,844)	33,793	-
Net pension obligation, end of year	\$ (76,640)	\$ 11,202	\$ -

	PERF	County Police Retirement Plan	County Police Benefit Plan
Contribution rates:			
County	6%	27.3%	3%
Plan members	3%	6%	6%
Actuarial valuation date	07-01-07	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%

MARTIN 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	\$ 45,372	151%	\$ (54,975)
	06-30-05	56,905	126%	(69,844)
	06-30-06	65,259	110%	(76,640)
County Police Retirement Plan	12-31-05	88,055	97%	35,835
	12-31-06	84,919	101.1%	33,793
	12-31-07	64,328	133.4%	11,202
County Police Benefit Plan	12-31-05	3,039	100%	3,039
	12-31-06	3,081	100%	3,081
	12-31-07	1,178	100%	1,178

MARTIN COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 964,973	\$ 1,018,912	\$ (53,939)	95%	\$ 1,172,319	(5%)
07-01-05	1,021,813	1,082,328	(60,515)	94%	1,289,518	(5%)
07-01-06	1,123,216	1,049,728	73,488	107%	1,368,380	5%

County Police Retirement Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
10-01-02	\$ 685,319	\$ 685,319	\$ -	100%	\$ 260,013	0%
10-01-03	748,524	748,524	-	100%	258,601	0%
10-01-04	819,122	819,122	-	100%	256,367	0%
10-01-05	\$ 906,221	\$ 906,221	-	100%	253,562	0%
10-01-06	999,136	999,136	-	100%	247,723	0%
01-01-08	1,123,200	1,331,417	(208,217)	84%	252,010	(83%)

County Police Benefit 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)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
10-01-02	\$ 43,096	\$ 43,096	\$ -	100%	\$ 260,013	0%
10-01-03	50,417	50,417	-	100%	258,601	0%
10-01-04	57,731	57,731	-	100%	256,367	0%
10-01-05	65,247	65,247	-	100%	253,562	0%
10-01-06	70,727	70,727	-	100%	247,723	0%
01-01-08	80,322	80,322	-	100%	252,010	0%

MARTIN COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007

	County Health	Local Road and Street	Property Reassessment II	Property Reassessment 2010	Accident Report	Firearms Training	Arson Investigation
Receipts:							
Taxes	\$ 51,812	\$ -	\$ 78,603	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	106,398	-	-	-	-	-
Charges for Services	4,553	-	-	-	361	4,790	-
Other	-	4,734	33,378	-	-	-	-
Total receipts	56,365	111,132	111,981	-	361	4,790	-
Disbursements:							
General government	-	-	36,415	-	-	-	-
Public safety	-	-	-	-	-	727	-
Highways and streets	-	105,308	-	-	-	-	-
Health and welfare	37,986	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total disbursements	37,986	105,308	36,415	-	-	727	-
Excess (deficiency) of receipts over disbursements	18,379	5,824	75,566	-	361	4,063	-
Other financing sources (uses):							
Transfers in	-	-	-	337,000	-	-	-
Transfers out	-	-	(337,000)	-	-	-	-
Total other financing sources (uses)	-	-	(337,000)	337,000	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	18,379	5,824	(261,434)	337,000	361	4,063	-
Cash and investment fund balance - beginning	56,666	91,618	509,944	75,000	2,170	6,655	297
Cash and investment fund balance - ending	<u>\$ 75,045</u>	<u>\$ 97,442</u>	<u>\$ 248,510</u>	<u>\$ 412,000</u>	<u>\$ 2,531</u>	<u>\$ 10,718</u>	<u>\$ 297</u>
<u>Cash and Investment Assets - December 31</u>							
Restricted assets:							
Cash and investments	<u>\$ 75,045</u>	<u>\$ 97,442</u>	<u>\$ 248,510</u>	<u>\$ 412,000</u>	<u>\$ 2,531</u>	<u>\$ 10,718</u>	<u>\$ 297</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
General government	\$ -	\$ -	\$ 248,510	\$ 412,000	\$ -	\$ -	\$ -
Public safety	-	-	-	-	2,531	10,718	297
Highways and streets	-	97,442	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	75,045	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 75,045</u>	<u>\$ 97,442</u>	<u>\$ 248,510</u>	<u>\$ 412,000</u>	<u>\$ 2,531</u>	<u>\$ 10,718</u>	<u>\$ 297</u>

MARTIN COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	County Surveyor's Corner Perpetuation	Probation User's Fees	Adult Probation Services	Alternative Dispute Resolution	Criminal Justice Grants	Recorder's Records Perpetuation	County Law Enforcement Education
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	340	9,054	-	-
Charges for Services	4,408	34,380	8,545	1,020	-	10,899	3,883
Other	-	-	-	-	-	-	-
Total receipts	<u>4,408</u>	<u>34,380</u>	<u>8,545</u>	<u>1,360</u>	<u>9,054</u>	<u>10,899</u>	<u>3,883</u>
Disbursements:							
General government	12,676	-	-	-	-	5,316	-
Public safety	-	28,618	-	-	1,847	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total disbursements	<u>12,676</u>	<u>28,618</u>	<u>-</u>	<u>-</u>	<u>1,847</u>	<u>5,316</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(8,268)</u>	<u>5,762</u>	<u>8,545</u>	<u>1,360</u>	<u>7,207</u>	<u>5,583</u>	<u>3,883</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<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>(8,268)</u>	<u>5,762</u>	<u>8,545</u>	<u>1,360</u>	<u>7,207</u>	<u>5,583</u>	<u>3,883</u>
Cash and investment fund balance - beginning	<u>17,670</u>	<u>31,461</u>	<u>20,630</u>	<u>-</u>	<u>1,083</u>	<u>32,193</u>	<u>333</u>
Cash and investment fund balance - ending	<u>\$ 9,402</u>	<u>\$ 37,223</u>	<u>\$ 29,175</u>	<u>\$ 1,360</u>	<u>\$ 8,290</u>	<u>\$ 37,776</u>	<u>\$ 4,216</u>
<u>Cash and Investment Assets - December 31</u>							
Restricted assets:							
Cash and investments	<u>\$ 9,402</u>	<u>\$ 37,223</u>	<u>\$ 29,175</u>	<u>\$ 1,360</u>	<u>\$ 8,290</u>	<u>\$ 37,776</u>	<u>\$ 4,216</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	37,223	29,175	1,360	8,290	-	4,216
Highways and streets	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	<u>9,402</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>37,776</u>	<u>-</u>
Total cash and investment fund balance - December 31	<u>\$ 9,402</u>	<u>\$ 37,223</u>	<u>\$ 29,175</u>	<u>\$ 1,360</u>	<u>\$ 8,290</u>	<u>\$ 37,776</u>	<u>\$ 4,216</u>

MARTIN COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	County User Fee	Health Maintenance	Emergency Planning	County Drug Free Community	Plat Book	CISP Recorder	County Misdemeanor
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	23,600	-	13,599	-	-	7,557
Charges for Services	80,060	-	-	-	1,496	4,382	-
Other	-	-	-	-	-	-	-
Total receipts	80,060	23,600	-	13,599	1,496	4,382	7,557
Disbursements:							
General government	-	-	-	-	1,125	3,371	-
Public safety	66,191	-	-	12,419	-	-	5,161
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	20,000	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total disbursements	66,191	20,000	-	12,419	1,125	3,371	5,161
Excess (deficiency) of receipts over disbursements	13,869	3,600	-	1,180	371	1,011	2,396
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	13,869	3,600	-	1,180	371	1,011	2,396
Cash and investment fund balance - beginning	53,132	5,000	13,129	38,456	14,915	4,822	13,441
Cash and investment fund balance - ending	\$ 67,001	\$ 8,600	\$ 13,129	\$ 39,636	\$ 15,286	\$ 5,833	\$ 15,837
<u>Cash and Investment Assets - December 31</u>							
Restricted assets:							
Cash and investments	\$ 67,001	\$ 8,600	\$ 13,129	\$ 39,636	\$ 15,286	\$ 5,833	\$ 15,837
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	67,001	-	13,129	39,636	-	-	15,837
Highways and streets	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	-	8,600	-	-	15,286	5,833	-
Total cash and investment fund balance - December 31	\$ 67,001	\$ 8,600	\$ 13,129	\$ 39,636	\$ 15,286	\$ 5,833	\$ 15,837

MARTIN COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Supplemental Public Defender	Drainage Maintenance Upper Boggs	County Family and Children	County Medical Co-Payment	Sheriff's Continuing Education	Community Corrections No. 18	Community Corrections
Receipts:							
Taxes	\$ -	\$ 1,237	\$ 568	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	207,483	-	-	56,286	42,866
Charges for Services	21,430	-	-	5,739	-	-	-
Other	-	-	16,379	-	-	-	-
Total receipts	<u>21,430</u>	<u>1,237</u>	<u>224,430</u>	<u>5,739</u>	<u>-</u>	<u>56,286</u>	<u>42,866</u>
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	35,156	-	-	-	-	51,231	42,053
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	553,927	5,542	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total disbursements	<u>35,156</u>	<u>-</u>	<u>553,927</u>	<u>5,542</u>	<u>-</u>	<u>51,231</u>	<u>42,053</u>
Excess (deficiency) of receipts over disbursements	<u>(13,726)</u>	<u>1,237</u>	<u>(329,497)</u>	<u>197</u>	<u>-</u>	<u>5,055</u>	<u>813</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<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>(13,726)</u>	<u>1,237</u>	<u>(329,497)</u>	<u>197</u>	<u>-</u>	<u>5,055</u>	<u>813</u>
Cash and investment fund balance - beginning	<u>15,834</u>	<u>4,784</u>	<u>681,176</u>	<u>9,441</u>	<u>591</u>	<u>-</u>	<u>17,257</u>
Cash and investment fund balance - ending	<u>\$ 2,108</u>	<u>\$ 6,021</u>	<u>\$ 351,679</u>	<u>\$ 9,638</u>	<u>\$ 591</u>	<u>\$ 5,055</u>	<u>\$ 18,070</u>
<u>Cash and Investment Assets - December 31</u>							
Restricted assets:							
Cash and investments	<u>\$ 2,108</u>	<u>\$ 6,021</u>	<u>\$ 351,679</u>	<u>\$ 9,638</u>	<u>\$ 591</u>	<u>\$ 5,055</u>	<u>\$ 18,070</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	2,108	-	-	-	591	5,055	18,070
Highways and streets	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	-	6,021	351,679	9,638	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 2,108</u>	<u>\$ 6,021</u>	<u>\$ 351,679</u>	<u>\$ 9,638</u>	<u>\$ 591</u>	<u>\$ 5,055</u>	<u>\$ 18,070</u>

MARTIN COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Project Income	Project Income II	Sheriff's Commissary	Tobacco Grant	Prosecutor's Service Charge Fee	Jury Duty	Prosecutor's IV-D
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	31,350	-	-	-
Charges for Services	37,521	26,149	64,348	-	3,662	2,928	8,631
Other	-	-	-	-	-	-	-
Total receipts	37,521	26,149	64,348	31,350	3,662	2,928	8,631
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	23,486	37,504	80,699	-	4,542	1,115	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	24,430	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total disbursements	23,486	37,504	80,699	24,430	4,542	1,115	-
Excess (deficiency) of receipts over disbursements	14,035	(11,355)	(16,351)	6,920	(880)	1,813	8,631
Other financing sources (uses):							
Transfers in	-	102,116	-	-	-	-	-
Transfers out	(102,116)	-	-	-	-	-	-
Total other financing sources (uses)	(102,116)	102,116	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(88,081)	90,761	(16,351)	6,920	(880)	1,813	8,631
Cash and investment fund balance - beginning	88,081	-	45,658	-	13,974	6,866	-
Cash and investment fund balance - ending	\$ -	\$ 90,761	\$ 29,307	\$ 6,920	\$ 13,094	\$ 8,679	\$ 8,631
<u>Cash and Investment Assets - December 31</u>							
Restricted assets:							
Cash and investments	\$ -	\$ 90,761	\$ 29,307	\$ 6,920	\$ 13,094	\$ 8,679	\$ 8,631
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	90,761	29,307	-	13,094	8,679	8,631
Highways and streets	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	-	-	-	6,920	-	-	-
Total cash and investment fund balance - December 31	\$ -	\$ 90,761	\$ 29,307	\$ 6,920	\$ 13,094	\$ 8,679	\$ 8,631

MARTIN COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Prosecutor's Title IV-D	Clerk's IV-D	Clerk's Records Perpetuation	Community Transition Program	Community Transition Program II	County Sales Disclosure	Riverboat Revenue Sharing
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	3,015	2,355	-	65,384
Charges for Services	-	4,255	2,558	-	-	1,024	-
Other	-	-	-	-	-	-	-
Total receipts	-	4,255	2,558	3,015	2,355	1,024	65,384
Disbursements:							
General government	-	-	1,060	-	-	1,883	23,653
Public safety	22,582	19,231	-	1,759	62	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total disbursements	22,582	19,231	1,060	1,759	62	1,883	23,653
Excess (deficiency) of receipts over disbursements	(22,582)	(14,976)	1,498	1,256	2,293	(859)	41,731
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	(22,582)	(14,976)	1,498	1,256	2,293	(859)	41,731
Cash and investment fund balance - beginning	32,249	17,524	5,499	2,052	-	5,086	1,231
Cash and investment fund balance - ending	\$ 9,667	\$ 2,548	\$ 6,997	\$ 3,308	\$ 2,293	\$ 4,227	\$ 42,962
Cash and Investment Assets - December 31							
Restricted assets:							
Cash and investments	\$ 9,667	\$ 2,548	\$ 6,997	\$ 3,308	\$ 2,293	\$ 4,227	\$ 42,962
Cash and Investment Fund Balance - December 31							
Restricted for:							
General government	\$ -	\$ -	\$ 6,997	\$ -	\$ -	\$ -	\$ -
Public safety	9,667	2,548	-	3,308	2,293	-	-
Highways and streets	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	4,227	42,962
Total cash and investment fund balance - December 31	\$ 9,667	\$ 2,548	\$ 6,997	\$ 3,308	\$ 2,293	\$ 4,227	\$ 42,962

MARTIN COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Bioterrorism	Federal Grants II	Child Psychiatric Treatment	Emergency Telephone System	Homeland Security	Probation Juvenile Administration	Probation User - Juvenile
Receipts:							
Taxes	\$ -	\$ -	\$ 18,718	\$ -	\$ -	\$ -	\$ -
Intergovernmental	2,500	-	-	-	68,046	-	-
Charges for Services	-	-	-	168,487	-	200	1,945
Other	-	-	-	-	-	-	-
Total receipts	<u>2,500</u>	<u>-</u>	<u>18,718</u>	<u>168,487</u>	<u>68,046</u>	<u>200</u>	<u>1,945</u>
Disbursements:							
General government	-	411	-	-	-	-	-
Public safety	4,183	-	-	119,529	14,570	-	1,169
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	23,460	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total disbursements	<u>4,183</u>	<u>411</u>	<u>23,460</u>	<u>119,529</u>	<u>14,570</u>	<u>-</u>	<u>1,169</u>
Excess (deficiency) of receipts over disbursements	<u>(1,683)</u>	<u>(411)</u>	<u>(4,742)</u>	<u>48,958</u>	<u>53,476</u>	<u>200</u>	<u>776</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<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>(1,683)</u>	<u>(411)</u>	<u>(4,742)</u>	<u>48,958</u>	<u>53,476</u>	<u>200</u>	<u>776</u>
Cash and investment fund balance - beginning	<u>4,183</u>	<u>2,000</u>	<u>29,607</u>	<u>224,516</u>	<u>(53,476)</u>	<u>2,345</u>	<u>8,427</u>
Cash and investment fund balance - ending	<u>\$ 2,500</u>	<u>\$ 1,589</u>	<u>\$ 24,865</u>	<u>\$ 273,474</u>	<u>\$ -</u>	<u>\$ 2,545</u>	<u>\$ 9,203</u>
<u>Cash and Investment Assets - December 31</u>							
Restricted assets:							
Cash and investments	<u>\$ 2,500</u>	<u>\$ 1,589</u>	<u>\$ 24,865</u>	<u>\$ 273,474</u>	<u>\$ -</u>	<u>\$ 2,545</u>	<u>\$ 9,203</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	2,500	-	-	273,474	-	2,545	9,203
Highways and streets	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	-	1,589	24,865	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 2,500</u>	<u>\$ 1,589</u>	<u>\$ 24,865</u>	<u>\$ 273,474</u>	<u>\$ -</u>	<u>\$ 2,545</u>	<u>\$ 9,203</u>

MARTIN COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Sheriff's Grants	Guardian Ad Litem	Rainy Day	Buy Money	Hoosier Safety Program	Middleway House Grant	Mortgage Fee Fund
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	58,117	-	-	17,066	1,198
Charges for Services	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	79
Total receipts	-	-	58,117	-	-	17,066	1,277
Disbursements:							
General government	-	-	3,582	-	-	-	1,369
Public safety	1,211	-	-	650	-	24,070	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total disbursements	1,211	-	3,582	650	-	24,070	1,369
Excess (deficiency) of receipts over disbursements	(1,211)	-	54,535	(650)	-	(7,004)	(92)
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	(1,211)	-	54,535	(650)	-	(7,004)	(92)
Cash and investment fund balance - beginning	1,211	2,024	28,103	1,156	160	7,005	793
Cash and investment fund balance - ending	\$ -	\$ 2,024	\$ 82,638	\$ 506	\$ 160	\$ 1	\$ 701
<u>Cash and Investment Assets - December 31</u>							
Restricted assets:							
Cash and investments	\$ -	\$ 2,024	\$ 82,638	\$ 506	\$ 160	\$ 1	\$ 701
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
General government	\$ -	\$ -	\$ 82,638	\$ -	\$ -	\$ -	\$ 701
Public safety	-	2,024	-	506	160	1	-
Highways and streets	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ -	\$ 2,024	\$ 82,638	\$ 506	\$ 160	\$ 1	\$ 701

MARTIN COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Public Health Coordinator 2006	Cops Grant	Fire Truck Grant	Crane North Economic Development	Non-reverting Voting	Public Health Coordinator	Community Development
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	2,975	230,850	-	-	55,632	158,767
Charges for Services	-	-	-	-	-	-	-
Other	-	-	-	-	-	30	-
Total receipts	-	2,975	230,850	-	-	55,662	158,767
Disbursements:							
General government	-	-	-	6,161	-	-	-
Public safety	-	1,451	226,915	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	4,622	-	-	-	-	48,700	-
Culture and recreation	-	-	-	-	-	-	-
Urban redevelopment and housing	-	-	-	-	-	-	159,467
Debt service:							
Principal	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Total disbursements	4,622	1,451	226,915	6,161	-	48,700	159,467
Excess (deficiency) of receipts over disbursements	(4,622)	1,524	3,935	(6,161)	-	6,962	(700)
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	(4,622)	1,524	3,935	(6,161)	-	6,962	(700)
Cash and investment fund balance - beginning	(1)	-	-	6,161	70,925	(6,962)	700
Cash and investment fund balance - ending	<u>\$ (4,623)</u>	<u>\$ 1,524</u>	<u>\$ 3,935</u>	<u>\$ -</u>	<u>\$ 70,925</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Assets - December 31</u>							
Restricted assets:							
Cash and investments	<u>\$ (4,623)</u>	<u>\$ 1,524</u>	<u>\$ 3,935</u>	<u>\$ -</u>	<u>\$ 70,925</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
General government	\$ -	\$ -	\$ -	\$ -	\$ 70,925	\$ -	\$ -
Public safety	-	1,524	3,935	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Other purposes	(4,623)	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ (4,623)</u>	<u>\$ 1,524</u>	<u>\$ 3,935</u>	<u>\$ -</u>	<u>\$ 70,925</u>	<u>\$ -</u>	<u>\$ -</u>

MARTIN COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Family Court Project	Special Revenue - Other	Operation Pull Over	Health Insurance	County Museum Planning	Child Restraint	Courthouse Debt Service
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	38,000	565	2,995	-	10,800	425	-
Charges for Services	-	-	-	7,756	-	-	-
Other	-	-	-	-	2,000	-	-
Total receipts	38,000	565	2,995	7,756	12,800	425	-
Disbursements:							
General government	-	195	-	-	-	-	-
Public safety	15,542	-	1,925	-	-	175	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	9,517	-	-	-
Culture and recreation	-	-	-	-	11,800	-	-
Urban redevelopment and housing	-	-	-	-	-	-	-
Debt service:							
Principal	-	-	-	-	-	-	20,000
Interest	-	-	-	-	-	-	6,978
Total disbursements	15,542	195	1,925	9,517	11,800	175	26,978
Excess (deficiency) of receipts over disbursements	22,458	370	1,070	(1,761)	1,000	250	(26,978)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	26,978
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	26,978
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	22,458	370	1,070	(1,761)	1,000	250	-
Cash and investment fund balance - beginning	40,000	-	(799)	3,698	-	-	396
Cash and investment fund balance - ending	<u>\$ 62,458</u>	<u>\$ 370</u>	<u>\$ 271</u>	<u>\$ 1,937</u>	<u>\$ 1,000</u>	<u>\$ 250</u>	<u>\$ 396</u>
<u>Cash and Investment Assets - December 31</u>							
Restricted assets:							
Cash and investments	<u>\$ 62,458</u>	<u>\$ 370</u>	<u>\$ 271</u>	<u>\$ 1,937</u>	<u>\$ 1,000</u>	<u>\$ 250</u>	<u>\$ 396</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
General government	\$ -	\$ 370	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	62,458	-	271	1,937	-	250	-
Highways and streets	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	396
Other purposes	-	-	-	-	1,000	-	-
Total cash and investment fund balance - December 31	<u>\$ 62,458</u>	<u>\$ 370</u>	<u>\$ 271</u>	<u>\$ 1,937</u>	<u>\$ 1,000</u>	<u>\$ 250</u>	<u>\$ 396</u>

MARTIN COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For The Year Ended December 31, 2007
 (Continued)

	Debt Service	Jail Bond	Cumulative Capital Development	Westgate Capital	Westgate Debt	Totals
Receipts:						
Taxes	\$ -	\$ 331,613	\$ 73,666	\$ -	\$ -	\$ 556,217
Intergovernmental	-	-	-	-	-	1,217,223
Charges for Services	-	-	-	-	-	515,410
Other	-	-	20,688	-	994	78,282
Total receipts	-	331,613	94,354	-	994	2,367,132
Disbursements:						
General government	-	-	13,650	120,853	-	231,720
Public safety	-	-	-	-	-	845,773
Highways and streets	-	-	-	-	-	105,308
Health and welfare	-	-	-	-	-	728,184
Culture and recreation	-	-	-	-	-	11,800
Urban redevelopment and housing	-	-	-	-	-	159,467
Debt service:						
Principal	-	325,000	-	-	-	345,000
Interest	-	20,000	-	-	7,720	34,698
Total disbursements	-	345,000	13,650	120,853	7,720	2,461,950
Excess (deficiency) of receipts over disbursements	-	(13,387)	80,704	(120,853)	(6,726)	(94,818)
Other financing sources (uses):						
Transfers in	-	-	-	-	29,172	495,266
Transfers out	-	-	(26,978)	(29,172)	-	(495,266)
Total other financing sources (uses)	-	-	(26,978)	(29,172)	29,172	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(13,387)	53,726	(150,025)	22,446	(94,818)
Cash and investment fund balance - beginning	36,613	174,544	195,210	178,200	-	2,892,657
Cash and investment fund balance - ending	<u>\$ 36,613</u>	<u>\$ 161,157</u>	<u>\$ 248,936</u>	<u>\$ 28,175</u>	<u>\$ 22,446</u>	<u>\$ 2,797,839</u>
<u>Cash and Investment Assets - December 31</u>						
Restricted assets:						
Cash and investments	<u>\$ 36,613</u>	<u>\$ 161,157</u>	<u>\$ 248,936</u>	<u>\$ 28,175</u>	<u>\$ 22,446</u>	<u>\$ 2,797,839</u>
<u>Cash and Investment Fund Balance - December 31</u>						
Restricted for:						
General government	\$ -	\$ -	\$ 248,936	\$ 28,175	\$ -	\$ 1,099,252
Public safety	-	-	-	-	-	784,313
Highways and streets	-	-	-	-	-	97,442
Debt service	36,613	161,157	-	-	22,446	220,612
Other purposes	-	-	-	-	-	596,220
Total cash and investment fund balance - December 31	<u>\$ 36,613</u>	<u>\$ 161,157</u>	<u>\$ 248,936</u>	<u>\$ 28,175</u>	<u>\$ 22,446</u>	<u>\$ 2,797,839</u>

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

	City and Town Court Costs	Congressional Interest	County Recorder	County Treasurer	County Sheriff	Economic Development Income Tax	Common School
Additions:							
Agency fund additions	\$ 4,310	\$ -	\$ 48,306	\$ 15,807,396	\$ 51,227	\$ 328,369	\$ -
Deductions:							
Agency fund deductions	4,310	1,106	49,217	15,070,459	51,227	328,368	1,000
Excess (deficiency) of total additions over total deductions	-	(1,106)	(911)	736,937	-	1	(1,000)
Cash and investment fund balance - beginning	-	3,314	4,137	71,867	-	-	1,000
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 2,208</u>	<u>\$ 3,226</u>	<u>\$ 808,804</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>

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

	Inheritance Tax	Interstate Compact Fee	Levy Excess - Welfare/ State	County Payroll	Clerk of the Circuit Court	State Fees	State Settlement
Additions:							
Agency fund additions	\$ 198,385	\$ 225	\$ -	\$ 718,385	\$ 1,795,135	\$ 16,734	\$ 1,280
Deductions:							
Agency fund deductions	<u>209,940</u>	<u>225</u>	<u>15,889</u>	<u>707,533</u>	<u>1,905,509</u>	<u>16,765</u>	<u>5</u>
Excess (deficiency) of total additions over total deductions	(11,555)	-	(15,889)	10,852	(110,374)	(31)	1,275
Cash and investment fund balance - beginning	<u>30,236</u>	<u>-</u>	<u>15,889</u>	<u>(73)</u>	<u>489,235</u>	<u>8,669</u>	<u>4,326</u>
Cash and investment fund balance - ending	<u>\$ 18,681</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,779</u>	<u>\$ 378,861</u>	<u>\$ 8,638</u>	<u>\$ 5,601</u>

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

	Surplus Tax	Tax Sale Surplus	Tax Sale Redemption	Tax Distribution	Tax Distribution Replacement and Homestead	Hospital Care For The Indigent	Medical Assistance to Wards
Additions:							
Agency fund additions	\$ 9,555	\$ 136,565	\$ 1,838	\$ 7,529,184	\$ 221,558	\$ 134,357	\$ 48,920
Deductions:							
Agency fund deductions	9,078	22,262	1,838	7,529,184	-	134,357	48,920
Excess (deficiency) of total additions over total deductions	477	114,303	-	-	221,558	-	-
Cash and investment fund balance - beginning	4,562	11,709	(1)	-	-	-	-
Cash and investment fund balance - ending	<u>\$ 5,039</u>	<u>\$ 126,012</u>	<u>\$ (1)</u>	<u>\$ -</u>	<u>\$ 221,558</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Children With Special Health Care Needs	Welfare Trust	Sheriff Inmate Trust	Probation Department	Community Corrections	County Prosecutor	Totals
Additions:							
Agency fund additions	\$ 22,393	\$ 5,615	\$ 56,568	\$ 46,764	\$ 63,016	\$ 32,396	\$ 27,278,481
Deductions:							
Agency fund deductions	<u>22,393</u>	-	<u>54,502</u>	<u>48,613</u>	<u>63,416</u>	<u>32,216</u>	<u>26,328,332</u>
Excess (deficiency) of total additions over total deductions	-	5,615	2,066	(1,849)	(400)	180	950,149
Cash and investment fund balance - beginning	<u>-</u>	<u>7,889</u>	<u>706</u>	<u>3,839</u>	<u>5,390</u>	<u>31</u>	<u>662,725</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 13,504</u>	<u>\$ 2,772</u>	<u>\$ 1,990</u>	<u>\$ 4,990</u>	<u>\$ 211</u>	<u>\$ 1,612,874</u>

MARTIN COUNTY
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended 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 completed in the current and in the years since January 1, 2004 have been reported. Retroactive reporting of general infrastructure assets prior to January 1, 2004, is not required.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 34,500
Infrastructure	593,707
Buildings	4,268,652
Machinery and equipment	<u>3,733,352</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 8,630,211</u>

MARTIN 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:		
Jail	\$ 330,000	\$ 15,027
Bonds payable:		
General obligation bonds:		
2000 Courthouse general obligation	76,000	26,373
Revenue bonds:		
Economic development revenue bonds of 2006	<u>190,000</u>	<u>14,250</u>
Total governmental activities debt	<u>\$ 596,000</u>	<u>\$ 55,650</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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 MARTIN COUNTY, INDIANA

Compliance

We have audited the compliance of the Martin County (County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 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.

In our opinion, the County complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 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 compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

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

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

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

STATE BOARD OF ACCOUNTS

August 13, 2008

MARTIN 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 HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Indiana Office of Community and Rural Affairs Community Development Block Grants/ State's Program PL-03-017 HD-005-020	14.228		\$ 10,800 <u>129,467</u>
Total for federal grantor agency			<u>140,267</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Pass-Through Indiana Criminal Justice Institute Crime Victim Assistance 04VA114 06VA101 07VA088	16.575		24,070 5,992 <u>5,597</u>
Total for program			<u>35,659</u>
Public Safety Partnership and Community Policing Grants	16.710		<u>1,925</u>
Total for federal grantor agency			<u>37,584</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through Indiana State Department of Health Public Health Emergency Preparedness	93.069		9,569
Centers for Disease Control and Prevention - Investigations and Technical Assistance BPRS-150-2 (8/06-8/07) BPRS-150-2 (8/07-8/08)	93.283		38,668 <u>9,300</u>
Total for program			<u>47,968</u>
Pass-Through Indiana Department of Child Services Child Support Enforcement County Prosecutor's Expense County Clerk's Expense Indirect Costs	93.563		44,847 33,846 <u>6,798</u>
Total for program			<u>85,491</u>
Total for federal grantor agency			<u>143,028</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security Emergency Management Performance Grants	97.042		14,570
Assistance to Firefighters Grants EMW-2006-FG-14576	97.044		<u>230,850</u>
Total for federal grantor agency			<u>245,420</u>
Total federal awards expended			<u>\$ 566,299</u>

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

MARTIN COUNTY
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Martin County (County) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

MARTIN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Qualified

Internal control over financial reporting:
 Material weaknesses identified? no
 Reportable conditions identified that are not considered to be material weaknesses? none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:
 Material weaknesses identified? no
 Reportable conditions identified that are not considered to be material weaknesses? none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.228	Community Development Block Grants/State's Program
97.044	Assistance to Firefighters Grants

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

MARTIN COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

MARTIN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on August 13, 2008, with Frances K. Taylor, Auditor; Michael D. Dant, President of the Board of County Commissioners; and C. Richard Summers, President of the County Council. Our audit disclosed no material items that warrant comment at this time.