

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

ANNUAL FINANCIAL REPORT

2006

MORGAN COUNTY, INDIANA



**FILED**  
09/27/2007



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Brenda Adams	01-01-06 to 12-31-08
Treasurer	Dena Burkett	01-01-05 to 12-31-08
Clerk	Vickie Kivett Marguerite (Peggy) Mayfield	01-01-03 to 12-31-06 01-01-07 to 12-31-10
Sheriff	Robert Gardner	01-01-03 to 12-31-10
Recorder	Karen Brummett	01-01-05 to 12-31-08
President of the Board of County Commissioners	Norman Voyles	01-01-04 to 12-31-07
President of the County Council	Samuel Carlisle Kenneth Hale	01-01-04 to 12-31-06 01-01-07 to 12-31-07



**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 MORGAN COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Morgan County (County), as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the County prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As discussed in Note I, the financial statements referred to above do not include a 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, 2006, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated May 31, 2007, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

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,

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

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, and Schedule of Debt are presented for additional analysis and are not a required part of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Debt has 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 it.

STATE BOARD OF ACCOUNTS

May 31, 2007



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

TO: THE OFFICIALS OF MORGAN COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Morgan County (County), as of and for the year ended December 31, 2006, which collectively comprise the County's basic financial statements and have issued our report thereon dated May 31, 1997. The opinions to the financial statements were qualified due to the omission of information concerning 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.

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

May 31, 2007

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

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>			<u>Net (Disbursement) Receipt and Changes in Net Assets</u>
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	<u>Primary Governmental Activities</u>
Primary government:					
Governmental activities:					
General government	\$ 9,204,778	\$ 2,239,833	\$ 1,021,301	\$ 219,091	\$ (5,724,553)
Public safety	7,727,365	723,549	575,917	-	(6,427,899)
Highways and streets	8,414,763	-	3,685,711	570,927	(4,158,125)
Sanitation	7,275	-	8,275	-	1,000
Health and welfare	2,269,535	-	560,077	-	(1,709,458)
	<u>\$ 27,623,716</u>	<u>\$ 2,963,382</u>	<u>\$ 5,851,281</u>	<u>\$ 790,018</u>	<u>(18,019,035)</u>
Total primary government					
General receipts:					
Property taxes					8,186,296
Other local sources					9,251,029
Unrestricted investment earnings					1,609,204
					19,046,529
					1,027,494
					22,178,188
					\$ 23,205,682
 <u>Assets</u>					
Cash and investments					\$ 3,521,133
Restricted assets:					
Cash and investments					19,684,549
Total assets					\$ 23,205,682
 <u>Net Assets</u>					
Restricted for:					
Highways and streets					\$ 2,033,215
Public safety					3,118,026
Health and welfare					656,961
Other purposes					13,895,841
Unrestricted					3,501,639
Total net assets					\$ 23,205,682

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

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

	General	Property Reassessment	Cumulative Capital Development	Other Governmental Funds	Totals
<b>Receipts:</b>					
Taxes	\$ 9,334,934	\$ 235,620	\$ 589,335	\$ 6,079,343	\$ 16,239,232
Licenses and permits	157,661	-	-	94,961	252,622
Intergovernmental	858,882	34,774	86,934	5,644,530	6,625,120
Charges for services	479,326	-	-	1,002,751	1,482,077
Fines and forfeits	402,339	-	-	826,345	1,228,684
Other	1,750,201	134,296	148,163	790,815	2,823,475
<b>Total receipts</b>	<b>12,983,343</b>	<b>404,690</b>	<b>824,432</b>	<b>14,438,745</b>	<b>28,651,210</b>
<b>Disbursements:</b>					
General government	6,320,793	324,056	832,982	1,664,813	9,142,644
Public safety	5,331,782	-	-	2,395,583	7,727,365
Highways and streets	-	-	-	5,781,860	5,781,860
Sanitation	-	-	-	7,275	7,275
Health and welfare	188,025	-	-	2,081,510	2,269,535
Capital outlay:					
Highways and streets	-	-	-	2,632,903	2,632,903
<b>Total disbursements</b>	<b>11,840,600</b>	<b>324,056</b>	<b>832,982</b>	<b>14,563,944</b>	<b>27,561,582</b>
Excess (deficiency) of receipts over disbursements	1,142,743	80,634	(8,550)	(125,199)	1,089,628
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	844,158	844,158
Transfers out	(514,793)	-	-	(329,365)	(844,158)
<b>Total other financing sources (uses)</b>	<b>(514,793)</b>	<b>-</b>	<b>-</b>	<b>514,793</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	627,950	80,634	(8,550)	389,594	1,089,628
Cash and investment fund balance - beginning	2,893,183	2,853,537	4,059,379	12,052,294	21,858,393
Cash and investment fund balance - ending	<u>\$ 3,521,133</u>	<u>\$ 2,934,171</u>	<u>\$ 4,050,829</u>	<u>\$ 12,441,888</u>	22,948,021
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because:					
Internal services funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.					
					<u>257,661</u>
Net assets of governmental activities					<u>\$ 23,205,682</u>
<b>Cash and Investment Assets - December 31</b>					
Cash and investments	\$ 3,521,133	\$ -	\$ -	\$ -	\$ 3,521,133
Restricted assets:					
Cash and investments	-	2,934,171	4,050,829	12,441,888	19,426,888
<b>Total cash and investment assets - December 31</b>	<u>\$ 3,521,133</u>	<u>\$ 2,934,171</u>	<u>\$ 4,050,829</u>	<u>\$ 12,441,888</u>	<u>\$ 22,948,021</u>
<b>Cash and Investment Fund Balance - December 31</b>					
Restricted for:					
Highways and streets	\$ -	\$ -	\$ -	\$ 2,033,215	\$ 2,033,215
Public safety	-	-	-	3,118,026	3,118,026
Health and welfare	-	-	-	656,961	656,961
Other purposes	-	2,934,171	4,050,829	6,653,180	13,638,180
Unrestricted	3,521,133	-	-	(19,494)	3,501,639
<b>Total cash and investment fund balance - December 31</b>	<u>\$ 3,521,133</u>	<u>\$ 2,934,171</u>	<u>\$ 4,050,829</u>	<u>\$ 12,441,888</u>	<u>\$ 22,948,021</u>

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

MORGAN COUNTY  
STATEMENT OF ASSETS AND FUND BALANCES AND  
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
PROPRIETARY FUNDS  
As of and for the Year Ended December 31, 2006

	Internal Service Funds
Operating receipts:	
Other	\$ 805,017
Operating disbursements:	
Insurance disbursements	867,151
Deficiency of operating receipts over operating disbursements	(62,134)
Cash and investment fund balance - beginning	319,795
Cash and investment fund balance - ending	\$ 257,661
<u>Cash and Investment Assets - December 31</u>	
Cash and investments	\$ 257,661
<u>Cash and Investment Fund Balance - December 31</u>	
Restricted for:	
Other purposes	\$ 257,661

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

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

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Employer	\$ 355,657	\$ -	\$ -
Plan members	30,349	-	-
Total contributions	<u>386,006</u>	-	-
Investment earnings:			
Net increase in fair value of investments	235,919	-	-
Interest	100,184	-	-
Total investment earnings	<u>336,103</u>	-	-
Agency fund additions	-	-	168,729,039
Total additions	<u>722,109</u>	-	<u>168,729,039</u>
Deductions:			
Benefits	113,477	-	-
Refunds of contributions	1,973	-	-
Administrative and general	72,760	-	-
Agency fund deductions	-	-	168,471,869
Total deductions	<u>188,211</u>	-	<u>168,471,869</u>
Excess of total additions over total deductions	533,898	-	257,170
Cash and investment fund balance - beginning	<u>3,172,003</u>	<u>20,880</u>	<u>3,476,180</u>
Cash and investment fund balance - ending	<u>\$ 3,705,901</u>	<u>\$ 20,880</u>	<u>\$ 3,733,350</u>

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

MORGAN 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, public improvements, planning and zoning, and general administrative services.

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

Primary Government:	Morgan County
Discretely Presented Component Unit:	Morgan County Memorial Hospital Monroe Township Fire Protection District Harrison Township Fire Protection District

In determining the financial reporting entity, the County complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, as amended by Statement No. 39.

The Morgan County Memorial Hospital, Monroe Township Fire Protection District, and Harrison Township Fire Protection District discretely presented component units have 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.

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 Morgan County Plan Commission, Morgan County Library, Hoosier Heartland RC&D, Community Corrections Advisory Board, Local Alcoholic Beverage Board, Mooresville Public Library, West Central Solid Waste District, Economic Development Commission, Economic Development Corporation Board, and Morgan County Park and Recreation 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. The County does not report any business type activities.

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.

MORGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 are reported as separate columns in the fund financial statements.

The County reports the following major governmental funds:

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

The 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 capital development 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 may be used for the cost of repairs or purchase of equipment, machinery, or buildings.

Additionally, the County reports the following fund types:

The internal service fund accounts for activities of the self-insurance fund which charges a premium to each fund that accounts for payroll.

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

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

Agency funds account for assets held by the County as an agent for individuals, private organizations, other governments, and/or other funds.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

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

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

MORGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

D. Assets and Cash 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.

Fund Financial Statements

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

MORGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

E. Receipts and Disbursements

1. Program Receipts

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

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities. The County does not have any enterprise funds.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash 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.

MORGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

B. Cash and Investment Balance Deficits

At December 31, 2006, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2006
Bullet Proof Vest Grant	\$ 347
Operation Pullover Grant	1,815
Stop Violence Against Women Grant 2006-2007	5,606
Prosecutor's Victims Assistance 2006-2007	3,387
Health Bioterrorism 2006-2007	8,339

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

MORGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. At December 31, 2006, the bank balance held at Morgan Stanley Trust in the amount of \$347 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the name of the depositor-County Sheriff's Pension. The remaining bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. The Sheriff's Merit Board has established an investment policy for the Sheriff's Retirement and Benefit Pension Plan. This investment policy outlines parameters for investment activity for the Sheriff's Pension Plans. As of December 31, 2006, the County had the following investments:

Investment Type	Primary Government Market Value	Sheriff's Retirement and Benefit Pension Plans
U.S. treasuries and securities	\$ -	\$ 446,640
U.S. agencies	-	324,256
Mutual funds	-	438,483
Repurchase agreements	2,639,816	-
Debt securities	-	141,867
Common stock	-	2,354,481
Totals	<u>\$ 2,639,816</u>	<u>\$ 3,705,727</u>

Investment Policies

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

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the County and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued 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

MORGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
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investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

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

The Sheriff's Pension Plan is not subject to the same investment laws as the County. The investment policy for the Sheriff's Retirement and Benefit Pension Plans was adopted by the Sheriff's Merit Board on December 10, 2002. Authorized investments include corporate stock, corporate debt securities, government enterprises and certain other types of investments.

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. At December 31, 2006, the County held investments in repurchase agreements in the amount of \$2,639,816. Of these investments \$2,639,816 were held by the counterparty.

The Sheriff's Merit Board has not adopted an investment policy for custodial credit risk for investments. At December 31, 2006, the Sheriff's Retirement and Benefit Pension Plans held investments in corporate stock, corporate debt securities and government enterprises in the amount of \$2,820,604. All of these investments were 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 for the Sheriff's Retirement and Benefit Pension Plans does not have a formal interest rate risk policy to manage interest rate risk.

Primary Government:

Investment Type	Investment Maturities (in Years) Less Than 1
Repurchase agreements	\$ 2,639,816

MORGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Sheriff's Retirement and Benefit Pension Plans:

Investment Type	Investment Maturities (in Years)		
	Less Than 1	1-2	More Than 2
U.S. treasuries and securities	\$ 38,628	\$ 147,727	\$ 260,105
U.S. agencies	-	158,270	165,986
Debt securities	10,637	17,098	114,132
Totals	<u>\$ 49,265</u>	<u>\$ 323,095</u>	<u>\$ 540,223</u>

Credit Risk

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

Sheriff's Retirement and Benefit Pension Plans:

Standard and Poor's Rating	Moody's Rating	Mutual Funds	Corporate Bonds	Corporate Stocks	Government Sponsored Enterprise
AAA	Aaa	\$ -	\$ 12,069	\$ -	\$ -
AA-	Aa1	-	18,531	-	-
A+	Aa3	-	20,188	-	-
A	A	-	20,373	-	-
A-	A1	-	14,219	-	-
No data available		-	14,496	-	-
Unrated	Unrated	438,483	41,991	2,354,481	324,256
Totals		<u>\$ 438,483</u>	<u>\$ 141,867</u>	<u>\$ 2,354,481</u>	<u>\$ 324,256</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. No Sheriff's Retirement and Benefit investments in any one issuer were in excess of 5% of the total investments during the period ending December 31, 2006.

Foreign Currency Risk

The County does not have a formal policy in regards to foreign currency risk. At December 31, 2006, the County does not have any investments denominated in foreign currency.

MORGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The Sheriff's Merit Board has not adopted a formal policy in regards to foreign currency risk. At December 31, 2006, the County does not have any investments denominated in foreign currency.

B. Interfund Transfers

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

Transfer From	Transfer To	2006
General Fund	Other governmental	\$ 514,793
Other governmental	Other governmental	329,365
Total		\$ 844,158

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; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

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

Medical Benefits to Employees, Retirees and Dependents

The County has chosen to establish a risk financing fund for risks associated with medical benefits to employees. The risk financing fund is accounted for in the Group Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$50,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

Job Related Illnesses or Injuries to Employees

During 1990, the County joined with other governmental entities in the Indiana Public Employer's 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 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.

MORGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. 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.

C. Pension Plans

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

1. Public Employees' Retirement Fund

Plan Description

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

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

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

MORGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

Actuarial Information for the Above Plans

	<u>PERF</u>	<u>County Police Retirement Plan</u>	<u>County Police Benefit Plan</u>
Annual required contribution	\$ 363,734	\$ 311,514	\$ 9,402
Interest on net pension obligation	(22,131)	2,766	-
Adjustment to annual required contribution	<u>25,219</u>	<u>(5,629)</u>	<u>-</u>
Annual pension cost	366,822	308,651	9,402
Contributions made	<u>320,801</u>	<u>336,853</u>	<u>9,402</u>
Increase (decrease) in net pension obligation	46,021	(28,202)	-
Net pension obligation, beginning of year	<u>(305,249)</u>	<u>39,516</u>	<u>-</u>
Net pension obligation, end of year	<u>\$ (259,228)</u>	<u>\$ 11,314</u>	<u>\$ -</u>

MORGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	PERF	County Police Retirement Plan	County Police Benefit Plan
Contribution rates:			
County	5%	37%	2%
Plan members	3%	6%	0%
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%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-04	\$ 230,636	124%	\$ (299,198)
	06-30-05	295,610	102%	(305,249)
	06-30-06	366,822	109%	(259,228)
County Police Retirement Plan	12-31-04	278,776	105%	41,863
	12-31-05	303,469	100%	39,516
	12-31-06	308,651	108%	11,314

MORGAN COUNTY  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 4,867,864	\$ 5,182,042	\$ (314,178)	94%	\$ 5,891,901	(5%)
07-01-05	5,106,196	6,160,652	(1,054,456)	83%	5,848,896	(18%)
07-01-06	5,822,563	6,681,782	(859,219)	87%	6,373,985	(13%)

County Police Retirement Pension 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)
01-01-02	\$ 1,903,887	\$ 2,457,377	\$ (553,490)	77%	\$ 706,837	(78%)
01-01-03	2,070,873	2,636,009	(565,136)	79%	722,808	(78%)
01-01-04	2,329,358	2,864,102	(534,744)	81%	818,080	(65%)
01-01-05	2,610,094	3,118,033	(507,939)	84%	841,600	(60%)
01-01-06	3,055,002	3,499,887	(444,885)	87%	882,136	(50%)
01-01-07	3,596,265	3,997,990	(401,725)	90%	932,273	(43%)

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

	Riverboat	Rainy Day	County Health	County Highway	Local Road and Street	Accident Report	Firearms Training
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ 348,055	\$ -	\$ 81,788	\$ -	\$ -
Licenses and permits	-	-	94,961	-	-	-	-
Intergovernmental	-	-	52,115	3,079,460	1,064,751	-	-
Charges for services	-	-	-	-	-	6,813	23,725
Fines and forfeits	-	-	-	-	-	-	-
Other	419,661	-	2,286	16,478	77,020	-	774
<b>Total receipts</b>	<b>419,661</b>	<b>-</b>	<b>497,417</b>	<b>3,095,938</b>	<b>1,223,559</b>	<b>6,813</b>	<b>24,499</b>
<b>Disbursements:</b>							
General government	261,676	-	-	-	-	-	-
Public safety	-	-	-	-	-	9,412	9,321
Highways and streets	-	-	-	2,606,866	1,077,812	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	485,783	-	-	-	-
Capital outlay:							
Highways and streets	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>261,676</b>	<b>-</b>	<b>485,783</b>	<b>2,606,866</b>	<b>1,077,812</b>	<b>9,412</b>	<b>9,321</b>
Excess (deficiency) of receipts over disbursements	157,985	-	11,634	489,072	145,747	(2,599)	15,178
<b>Other financing sources (uses):</b>							
Transfers in	-	500,000	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>500,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	157,985	500,000	11,634	489,072	145,747	(2,599)	15,178
Cash and investment fund balance - beginning	791,930	-	74,955	659,230	739,166	4,737	12,189
Cash and investment fund balance - ending	<u>\$ 949,915</u>	<u>\$ 500,000</u>	<u>\$ 86,589</u>	<u>\$ 1,148,302</u>	<u>\$ 884,913</u>	<u>\$ 2,138</u>	<u>\$ 27,367</u>
<b>Cash and Investment Assets - December 31</b>							
<b>Restricted assets:</b>							
Cash and investments	<u>\$ 949,915</u>	<u>\$ 500,000</u>	<u>\$ 86,589</u>	<u>\$ 1,148,302</u>	<u>\$ 884,913</u>	<u>\$ 2,138</u>	<u>\$ 27,367</u>
<b>Cash and Investment Fund Balance - December 31</b>							
<b>Restricted for:</b>							
Highways and streets	\$ -	\$ -	\$ -	\$ 1,148,302	\$ 884,913	\$ -	\$ -
Public safety	-	-	-	-	-	2,138	27,367
Health and welfare	-	-	86,589	-	-	-	-
Other purposes	949,915	500,000	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<u><b>\$ 949,915</b></u>	<u><b>\$ 500,000</b></u>	<u><b>\$ 86,589</b></u>	<u><b>\$ 1,148,302</b></u>	<u><b>\$ 884,913</b></u>	<u><b>\$ 2,138</b></u>	<u><b>\$ 27,367</b></u>

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

	Pretrial Diversion Check	Pretrial Diversion Traffic	ADAPT Probation User Fees	Surveyor's Corner Perpetuation	Supplemental Adult Probation Services	Supplemental Juvenile Probation Services	County Extradition
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	2,859	2,145	54,544	19,610	218,726	24,356	-
Fines and forfeits	15,300	151,846	-	-	-	-	225
Other	-	-	-	-	-	-	-
Total receipts	<u>18,159</u>	<u>153,991</u>	<u>54,544</u>	<u>19,610</u>	<u>218,726</u>	<u>24,356</u>	<u>225</u>
Disbursements:							
General government	-	-	-	27,000	-	-	-
Public safety	30,396	182,078	3,016	-	127,829	849	980
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Capital outlay:							
Highways and streets	-	-	-	-	-	-	-
Total disbursements	<u>30,396</u>	<u>182,078</u>	<u>3,016</u>	<u>27,000</u>	<u>127,829</u>	<u>849</u>	<u>980</u>
Excess (deficiency) of receipts over disbursements	<u>(12,237)</u>	<u>(28,087)</u>	<u>51,528</u>	<u>(7,390)</u>	<u>90,897</u>	<u>23,507</u>	<u>(755)</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>(12,237)</u>	<u>(28,087)</u>	<u>51,528</u>	<u>(7,390)</u>	<u>90,897</u>	<u>23,507</u>	<u>(755)</u>
Cash and investment fund balance - beginning	<u>15,813</u>	<u>124,239</u>	<u>4,295</u>	<u>66,637</u>	<u>493,296</u>	<u>2,980</u>	<u>755</u>
Cash and investment fund balance - ending	<u>\$ 3,576</u>	<u>\$ 96,152</u>	<u>\$ 55,823</u>	<u>\$ 59,247</u>	<u>\$ 584,193</u>	<u>\$ 26,487</u>	<u>\$ -</u>
<u>Cash and Investment Assets - December 31</u>							
Restricted assets:							
Cash and investments	<u>\$ 3,576</u>	<u>\$ 96,152</u>	<u>\$ 55,823</u>	<u>\$ 59,247</u>	<u>\$ 584,193</u>	<u>\$ 26,487</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	3,576	96,152	55,823	-	584,193	26,487	-
Health and welfare	-	-	-	-	-	-	-
Other purposes	-	-	-	59,247	-	-	-
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 3,576</u>	<u>\$ 96,152</u>	<u>\$ 55,823</u>	<u>\$ 59,247</u>	<u>\$ 584,193</u>	<u>\$ 26,487</u>	<u>\$ -</u>

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

	Recorder's Records Perpetuation	County Law Enforcement Continuing Education	County User Fee	County EDIT Fund	Local Health Maintenance	Supplemental Public Defender Service	GAL/CASA Donations
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ 1,443,583	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	50,279	-	-
Charges for services	111,553	-	-	-	-	15,041	-
Fines and forfeits	-	3,793	1,347	-	-	-	-
Other	-	501	-	-	-	-	750
<b>Total receipts</b>	<b>111,553</b>	<b>4,294</b>	<b>1,347</b>	<b>1,443,583</b>	<b>50,279</b>	<b>15,041</b>	<b>750</b>
Disbursements:							
General government	85,331	-	-	1,040,133	-	-	-
Public safety	-	1,508	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	46,695	-	-
Capital outlay:							
Highways and streets	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>85,331</b>	<b>1,508</b>	<b>-</b>	<b>1,040,133</b>	<b>46,695</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	<u>26,222</u>	<u>2,786</u>	<u>1,347</u>	<u>403,450</u>	<u>3,584</u>	<u>15,041</u>	<u>750</u>
Other financing sources (uses):							
Transfers in	-	20,650	-	-	-	14,793	-
Transfers out	-	-	(20,130)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>20,650</b>	<b>(20,130)</b>	<b>-</b>	<b>-</b>	<b>14,793</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>26,222</u>	<u>23,436</u>	<u>(18,783)</u>	<u>403,450</u>	<u>3,584</u>	<u>29,834</u>	<u>750</u>
Cash and investment fund balance - beginning	<u>257,753</u>	<u>3,188</u>	<u>18,783</u>	<u>1,389,428</u>	<u>29,538</u>	<u>43,787</u>	<u>852</u>
Cash and investment fund balance - ending	<u>\$ 283,975</u>	<u>\$ 26,624</u>	<u>\$ -</u>	<u>\$ 1,792,878</u>	<u>\$ 33,122</u>	<u>\$ 73,621</u>	<u>\$ 1,602</u>
<b>Cash and Investment Assets - December 31</b>							
Restricted assets:							
Cash and investments	<u>\$ 283,975</u>	<u>\$ 26,624</u>	<u>\$ -</u>	<u>\$ 1,792,878</u>	<u>\$ 33,122</u>	<u>\$ 73,621</u>	<u>\$ 1,602</u>
<b>Cash and Investment Fund Balance - December 31</b>							
Restricted for:							
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	26,624	-	-	-	73,621	1,602
Health and welfare	-	-	-	-	33,122	-	-
Other purposes	283,975	-	-	1,792,878	-	-	-
Unrestricted	-	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 283,975</b>	<b>\$ 26,624</b>	<b>\$ -</b>	<b>\$ 1,792,878</b>	<b>\$ 33,122</b>	<b>\$ 73,621</b>	<b>\$ 1,602</b>

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

	Bullet Proof Vest Grant	Community Corrections Project Income 2005-2006	Community Corrections Project Income 2006-2007	Emergency Planning and Right to Know	County Drug Free Community	Emergency Telephone System	GAL/CASA
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	100,426	-	5,292	-	11,970	2,498
Charges for services	-	-	70,734	-	-	-	-
Fines and forfeits	-	-	-	-	60,615	558,943	-
Other	-	-	6	-	-	9,405	-
<b>Total receipts</b>	<b>-</b>	<b>100,426</b>	<b>70,740</b>	<b>5,292</b>	<b>60,615</b>	<b>580,318</b>	<b>2,498</b>
<b>Disbursements:</b>							
General government	-	-	-	-	-	-	-
Public safety	347	69,647	125,017	2,554	56,645	591,381	2,777
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Capital outlay:							
Highways and streets	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>347</b>	<b>69,647</b>	<b>125,017</b>	<b>2,554</b>	<b>56,645</b>	<b>591,381</b>	<b>2,777</b>
Excess (deficiency) of receipts over disbursements	(347)	30,779	(54,277)	2,738	3,970	(11,063)	(279)
<b>Other financing sources (uses):</b>							
Transfers in	-	199	266,702	-	-	-	-
Transfers out	-	(277,627)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(277,428)</b>	<b>266,702</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(347)	(246,649)	212,425	2,738	3,970	(11,063)	(279)
Cash and investment fund balance - beginning	-	246,649	-	24,165	68,079	1,440,114	3,739
Cash and investment fund balance - ending	\$ (347)	\$ -	\$ 212,425	\$ 26,903	\$ 72,049	\$ 1,429,051	\$ 3,460
<b>Cash and Investment Assets - December 31</b>							
<b>Restricted assets:</b>							
Cash and investments	\$ (347)	\$ -	\$ 212,425	\$ 26,903	\$ 72,049	\$ 1,429,051	\$ 3,460
<b>Cash and Investment Fund Balance - December 31</b>							
<b>Restricted for:</b>							
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	212,425	26,903	72,049	1,429,051	3,460
Health and welfare	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-
Unrestricted	(347)	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<b>\$ (347)</b>	<b>\$ -</b>	<b>\$ 212,425</b>	<b>\$ 26,903</b>	<b>\$ 72,049</b>	<b>\$ 1,429,051</b>	<b>\$ 3,460</b>

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

	County Misdeemeanant	Family and Children	Jury Pay	Law Enforcement Prosecutor	Community Corrections Adult 2005-2006	Community Corrections Adult 2006-2007	Community Corrections Juvenile 2005-2006
Receipts:							
Taxes	\$ -	\$ 1,313,428	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	42,199	486,072	-	-	59,213	47,670	32,346
Charges for services	-	35,976	-	-	-	-	-
Fines and forfeits	-	-	15,667	6,910	-	-	-
Other	-	56,454	40	198	-	-	-
<b>Total receipts</b>	<b>42,199</b>	<b>1,891,930</b>	<b>15,707</b>	<b>7,108</b>	<b>59,213</b>	<b>47,670</b>	<b>32,346</b>
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	40,488	-	28,998	15,507	116,813	50,384	106,755
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	1,469,544	-	-	-	-	-
Capital outlay:							
Highways and streets	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>40,488</b>	<b>1,469,544</b>	<b>28,998</b>	<b>15,507</b>	<b>116,813</b>	<b>50,384</b>	<b>106,755</b>
Excess (deficiency) of receipts over disbursements	1,711	422,386	(13,291)	(8,399)	(57,600)	(2,714)	(74,409)
Other financing sources (uses):							
Transfers in	-	-	-	-	10,925	18,243	-
Transfers out	-	-	-	(520)	(18,243)	-	(12,845)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(520)</b>	<b>(7,318)</b>	<b>18,243</b>	<b>(12,845)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,711	422,386	(13,291)	(8,919)	(64,918)	15,529	(87,254)
Cash and investment fund balance - beginning	2,041	54,766	69,982	46,702	64,918	-	87,254
Cash and investment fund balance - ending	\$ 3,752	\$ 477,152	\$ 56,691	\$ 37,783	\$ -	\$ 15,529	\$ -
<b>Cash and Investment Assets - December 31</b>							
Restricted assets:							
Cash and investments	\$ 3,752	\$ 477,152	\$ 56,691	\$ 37,783	\$ -	\$ 15,529	\$ -
<b>Cash and Investment Fund Balance - December 31</b>							
Restricted for:							
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	56,691	37,783	-	15,529	-
Health and welfare	-	477,152	-	-	-	-	-
Other purposes	3,752	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 3,752</b>	<b>\$ 477,152</b>	<b>\$ 56,691</b>	<b>\$ 37,783</b>	<b>\$ -</b>	<b>\$ 15,529</b>	<b>\$ -</b>

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

	Community Corrections Juvenile 2006-2007	Federal Forfeited Property	Clerk's New Incentive	Prosecutor's New Incentive	Community Transition PGM	Special Probation Programs	Probation Administrative Fee
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	23,511	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	54,738
Fines and forfeits	-	-	-	-	-	-	-
Other	-	2,679	17,813	26,799	4,395	-	-
Total receipts	<u>23,511</u>	<u>2,679</u>	<u>17,813</u>	<u>26,799</u>	<u>4,395</u>	<u>-</u>	<u>54,738</u>
Disbursements:							
General government	-	1,767	16,168	-	-	-	-
Public safety	19,741	-	-	19,909	-	-	48,602
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Capital outlay:							
Highways and streets	-	-	-	-	-	-	-
Total disbursements	<u>19,741</u>	<u>1,767</u>	<u>16,168</u>	<u>19,909</u>	<u>-</u>	<u>-</u>	<u>48,602</u>
Excess (deficiency) of receipts over disbursements	<u>3,770</u>	<u>912</u>	<u>1,645</u>	<u>6,890</u>	<u>4,395</u>	<u>-</u>	<u>6,136</u>
Other financing sources (uses):							
Transfers in	12,646	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>12,646</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	16,416	912	1,645	6,890	4,395	-	6,136
Cash and investment fund balance - beginning	<u>-</u>	<u>2,187</u>	<u>37,326</u>	<u>65,507</u>	<u>11,602</u>	<u>130</u>	<u>60,357</u>
Cash and investment fund balance - ending	<u>\$ 16,416</u>	<u>\$ 3,099</u>	<u>\$ 38,971</u>	<u>\$ 72,397</u>	<u>\$ 15,997</u>	<u>\$ 130</u>	<u>\$ 66,493</u>
<u>Cash and Investment Assets - December 31</u>							
Restricted assets:							
Cash and investments	<u>\$ 16,416</u>	<u>\$ 3,099</u>	<u>\$ 38,971</u>	<u>\$ 72,397</u>	<u>\$ 15,997</u>	<u>\$ 130</u>	<u>\$ 66,493</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	16,416	-	-	72,397	-	130	66,493
Health and welfare	-	-	-	-	-	-	-
Other purposes	-	3,099	38,971	-	15,997	-	-
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and investment fund balance - December 31	<u>\$ 16,416</u>	<u>\$ 3,099</u>	<u>\$ 38,971</u>	<u>\$ 72,397</u>	<u>\$ 15,997</u>	<u>\$ 130</u>	<u>\$ 66,493</u>

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

	Operation Pull-Over Grant	Operation Round-up Grant	Stop Violence Against Women Grant 2005-2006	Stop Violence Against Women Grant 2006-2007	Boot Camp Donations	Court House Clock Grant	EMA Donations
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	16,410	-	14,975	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>16,410</b>	<b>-</b>	<b>14,975</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>							
General government	-	-	-	-	-	-	-
Public safety	21,236	-	12,172	5,606	574	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Capital outlay:							
Highways and streets	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>21,236</b>	<b>-</b>	<b>12,172</b>	<b>5,606</b>	<b>574</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(4,826)	-	2,803	(5,606)	(574)	-	-
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,826)	-	2,803	(5,606)	(574)	-	-
Cash and investment fund balance - beginning	3,011	110	(2,803)	-	654	1,000	118
Cash and investment fund balance - ending	<u>\$ (1,815)</u>	<u>\$ 110</u>	<u>\$ -</u>	<u>\$ (5,606)</u>	<u>\$ 80</u>	<u>\$ 1,000</u>	<u>\$ 118</u>
<b>Cash and Investment Assets - December 31</b>							
<b>Restricted assets:</b>							
Cash and investments	<u>\$ (1,815)</u>	<u>\$ 110</u>	<u>\$ -</u>	<u>\$ (5,606)</u>	<u>\$ 80</u>	<u>\$ 1,000</u>	<u>\$ 118</u>
<b>Cash and Investment Fund Balance - December 31</b>							
<b>Restricted for:</b>							
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	110	-	-	80	-	118
Health and welfare	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	1,000	-
Unrestricted	(1,815)	-	-	(5,606)	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<b><u>\$ (1,815)</u></b>	<b><u>\$ 110</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (5,606)</u></b>	<b><u>\$ 80</u></b>	<b><u>\$ 1,000</u></b>	<b><u>\$ 118</u></b>

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

	Indiana EMA	DARE Donations	County Park Development	County Economic Development	Juvenile Accountability Incentive Block Grant 2005	Juvenile Accountability Incentive Block Grant 2003-2004	Boot Camp Fees
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	17,050	-	-	-
Fines and forfeits	-	-	-	-	-	-	1,362
Other	-	-	-	-	-	-	-
Total receipts	-	-	-	17,050	-	-	1,362
Disbursements:							
General government	7	-	2,000	14,000	-	-	-
Public safety	-	3,098	-	-	2,616	2,177	2,244
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Capital outlay:							
Highways and streets	-	-	-	-	-	-	-
Total disbursements	7	3,098	2,000	14,000	2,616	2,177	2,244
Excess (deficiency) of receipts over disbursements	(7)	(3,098)	(2,000)	3,050	(2,616)	(2,177)	(882)
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	(7)	(3,098)	(2,000)	3,050	(2,616)	(2,177)	(882)
Cash and investment fund balance - beginning	7	3,098	2,000	300	2,616	2,177	5,523
Cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ 3,350	\$ -	\$ -	\$ 4,641
<u>Cash and Investment Assets - December 31</u>							
Restricted assets:							
Cash and investments	\$ -	\$ -	\$ -	\$ 3,350	\$ -	\$ -	\$ 4,641
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-	4,641
Health and welfare	-	-	-	-	-	-	-
Other purposes	-	-	-	3,350	-	-	-
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ -	\$ -	\$ -	\$ 3,350	\$ -	\$ -	\$ 4,641

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

	Clerk's Records Perpetuation	Tobacco Settlement	Prosecutor's Victim Assistance 2005-2006	Prosecutor's Victim Assistance 2006-2007	Waverly Sewer	Homeland Security Grant	Local Emergency Planning
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	30,450	19,954	11,227	7,275	219,091	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	10,337	-	-	-	-	-	-
Other	-	150	-	-	1,000	-	-
Total receipts	10,337	30,600	19,954	11,227	8,275	219,091	-
Disbursements:							
General government	5,874	-	-	-	-	-	-
Public safety	-	-	15,326	14,614	-	219,091	4,821
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	7,275	-	-
Health and welfare	-	51,363	-	-	-	-	-
Capital outlay:							
Highways and streets	-	-	-	-	-	-	-
Total disbursements	5,874	51,363	15,326	14,614	7,275	219,091	4,821
Excess (deficiency) of receipts over disbursements	4,463	(20,763)	4,628	(3,387)	1,000	-	(4,821)
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	4,463	(20,763)	4,628	(3,387)	1,000	-	(4,821)
Cash and investment fund balance - beginning	6,356	80,861	(4,628)	-	-	-	4,821
Cash and investment fund balance - ending	\$ 10,819	\$ 60,098	\$ -	\$ (3,387)	\$ 1,000	\$ -	\$ -
<u>Cash and Investment Assets - December 31</u>							
Restricted assets:							
Cash and investments	\$ 10,819	\$ 60,098	\$ -	\$ (3,387)	\$ 1,000	\$ -	\$ -
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-	-
Health and welfare	-	60,098	-	-	-	-	-
Other purposes	10,819	-	-	-	1,000	-	-
Unrestricted	-	-	-	(3,387)	-	-	-
Total cash and investment fund balance - December 31	\$ 10,819	\$ 60,098	\$ -	\$ (3,387)	\$ 1,000	\$ -	\$ -

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

	Community Emergency Response Team	Plat Book	Drainage Plat Review	County Sales Disclosure	Child Psychiatric Res. Treatment	Local Health Bioterrorism	Health Bioterrorism 2005-2006
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 31,559	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	2,592	-	-	-	4,665	2,000	48,233
Charges for services	-	22,365	5,705	10,595	-	477	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>2,592</u>	<u>22,365</u>	<u>5,705</u>	<u>10,595</u>	<u>36,224</u>	<u>2,477</u>	<u>48,233</u>
Disbursements:							
General government	-	-	4,697	15,825	-	-	-
Public safety	2,859	-	-	-	-	2,994	38,528
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	28,125	-	-
Capital outlay:							
Highways and streets	-	-	-	-	-	-	-
Total disbursements	<u>2,859</u>	<u>-</u>	<u>4,697</u>	<u>15,825</u>	<u>28,125</u>	<u>2,994</u>	<u>38,528</u>
Excess (deficiency) of receipts over disbursements	<u>(267)</u>	<u>22,365</u>	<u>1,008</u>	<u>(5,230)</u>	<u>8,099</u>	<u>(517)</u>	<u>9,705</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>(267)</u>	<u>22,365</u>	<u>1,008</u>	<u>(5,230)</u>	<u>8,099</u>	<u>(517)</u>	<u>9,705</u>
Cash and investment fund balance - beginning	<u>267</u>	<u>2,750</u>	<u>3,012</u>	<u>13,788</u>	<u>46,582</u>	<u>9,835</u>	<u>(9,705)</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 25,115</u>	<u>\$ 4,020</u>	<u>\$ 8,558</u>	<u>\$ 54,681</u>	<u>\$ 9,318</u>	<u>\$ -</u>
<u>Cash and Investment Assets - December 31</u>							
Restricted assets:							
Cash and investments	<u>\$ -</u>	<u>\$ 25,115</u>	<u>\$ 4,020</u>	<u>\$ 8,558</u>	<u>\$ 54,681</u>	<u>\$ 9,318</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Other purposes	-	25,115	4,020	8,558	54,681	9,318	-
Unrestricted	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and investment fund balance - December 31	<u>\$ -</u>	<u>\$ 25,115</u>	<u>\$ 4,020</u>	<u>\$ 8,558</u>	<u>\$ 54,681</u>	<u>\$ 9,318</u>	<u>\$ -</u>

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

	Health Bioterrorism 2006-2007	K-9 Donation	Sheriff's Commissary	Greenway Study	Fatal Alcohol Crash Team	Fatality Crash Reduction Effort
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	9,586	-	-	-	-	37,157
Charges for services	-	-	272,683	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	12,182	-	5,000	-	-
<b>Total receipts</b>	<u>9,586</u>	<u>12,182</u>	<u>272,683</u>	<u>5,000</u>	<u>-</u>	<u>37,157</u>
<b>Disbursements:</b>						
General government	-	-	-	2,309	-	-
Public safety	17,925	11,916	325,866	-	-	22,684
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay:						
Highways and streets	-	-	-	-	-	-
<b>Total disbursements</b>	<u>17,925</u>	<u>11,916</u>	<u>325,866</u>	<u>2,309</u>	<u>-</u>	<u>22,684</u>
Excess (deficiency) of receipts over disbursements	<u>(8,339)</u>	<u>266</u>	<u>(53,183)</u>	<u>2,691</u>	<u>-</u>	<u>14,473</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<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>(8,339)</u>	<u>266</u>	<u>(53,183)</u>	<u>2,691</u>	<u>-</u>	<u>14,473</u>
Cash and investment fund balance - beginning	<u>-</u>	<u>-</u>	<u>208,863</u>	<u>2,309</u>	<u>1,000</u>	<u>-</u>
Cash and investment fund balance - ending	<u>\$ (8,339)</u>	<u>\$ 266</u>	<u>\$ 155,680</u>	<u>\$ 5,000</u>	<u>\$ 1,000</u>	<u>\$ 14,473</u>
<b>Cash and Investment Assets - December 31</b>						
<b>Restricted assets:</b>						
Cash and investments	<u>\$ (8,339)</u>	<u>\$ 266</u>	<u>\$ 155,680</u>	<u>\$ 5,000</u>	<u>\$ 1,000</u>	<u>\$ 14,473</u>
<b>Cash and Investment Fund Balance - December 31</b>						
<b>Restricted for:</b>						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	266	155,680	-	1,000	14,473
Health and welfare	-	-	-	-	-	-
Other purposes	-	-	-	5,000	-	-
Unrestricted	<u>(8,339)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total cash and investment fund balance - December 31</b>	<u>\$ (8,339)</u>	<u>\$ 266</u>	<u>\$ 155,680</u>	<u>\$ 5,000</u>	<u>\$ 1,000</u>	<u>\$ 14,473</u>

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

	Blood Draw Program	Identification Security Program	Cumulative Bridge	Cumulative County Buildings	Economic Development Income Tax	Totals
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ 287,480	\$ 275,982	\$ 2,297,468	\$ 6,079,343
Licenses and permits	-	-	-	-	-	94,961
Intergovernmental	9,974	-	112,428	40,711	-	5,644,530
Charges for services	-	33,056	-	-	-	1,002,751
Fines and forfeits	-	-	-	-	-	826,345
Other	-	-	80,561	56,663	-	790,815
<b>Total receipts</b>	<b>9,974</b>	<b>33,056</b>	<b>480,469</b>	<b>373,356</b>	<b>2,297,468</b>	<b>14,438,745</b>
<b>Disbursements:</b>						
General government	-	-	-	188,026	-	1,664,813
Public safety	8,282	-	-	-	-	2,395,583
Highways and streets	-	-	2,097,182	-	-	5,781,860
Sanitation	-	-	-	-	-	7,275
Health and welfare	-	-	-	-	-	2,081,510
Capital outlay:						
Highways and streets	-	-	-	-	2,632,903	2,632,903
<b>Total disbursements</b>	<b>8,282</b>	<b>-</b>	<b>2,097,182</b>	<b>188,026</b>	<b>2,632,903</b>	<b>14,563,944</b>
Excess (deficiency) of receipts over disbursements	1,692	33,056	(1,616,713)	185,330	(335,435)	(125,199)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	844,158
Transfers out	-	-	-	-	-	(329,365)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>514,793</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,692	33,056	(1,616,713)	185,330	(335,435)	389,594
Cash and investment fund balance - beginning	-	-	2,326,778	1,987,090	335,435	12,052,294
Cash and investment fund balance - ending	\$ 1,692	\$ 33,056	\$ 710,065	\$ 2,172,420	\$ -	\$ 12,441,888
<b>Cash and Investment Assets - December 31</b>						
<b>Restricted assets:</b>						
Cash and investments	\$ 1,692	\$ 33,056	\$ 710,065	\$ 2,172,420	\$ -	\$ 12,441,888
<b>Cash and Investment Fund Balance - December 31</b>						
<b>Restricted for:</b>						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,033,215
Public safety	1,692	33,056	-	-	-	3,118,026
Health and welfare	-	-	-	-	-	656,961
Other purposes	-	-	710,065	2,172,420	-	6,653,180
Unrestricted	-	-	-	-	-	(19,494)
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 1,692</b>	<b>\$ 33,056</b>	<b>\$ 710,065</b>	<b>\$ 2,172,420</b>	<b>\$ -</b>	<b>\$ 12,441,888</b>

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

	Children With Special Health Care Needs	Hospital Care for the Indigent	Medical Assistance to Wards	Surplus Dog Tax	Interstate Compact	CEDIT/ Homestead Credit	Education Plate Fee
Additions:							
Agency fund additions	\$ 94,842	\$ 359,741	\$ 98,112	\$ 8,033	\$ 150	\$ 804,114	\$ 3,000
Deductions:							
Agency fund deductions	<u>94,842</u>	<u>359,741</u>	<u>98,112</u>	<u>8,033</u>	<u>188</u>	<u>804,196</u>	<u>3,525</u>
Excess (deficiency) of total additions over total deductions	-	-	-	-	(38)	(82)	(525)
Cash and investment fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38</u>	<u>17,140</u>	<u>525</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,058</u>	<u>\$ -</u>

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

	<u>Tax Sale Redemption</u>	<u>Tax Sale Surplus</u>	<u>Court Fees</u>	<u>Inheritance Tax</u>	<u>Surplus Tax</u>	<u>Congressional Interest</u>	<u>Sales Disclosure State General</u>
Additions:							
Agency fund additions	\$ 97,336	\$ 700,988	\$ 174,479	\$ 1,416,337	\$ 37,729	\$ 578	\$ 10,595
Deductions:							
Agency fund deductions	<u>97,336</u>	<u>897,809</u>	<u>167,319</u>	<u>1,473,218</u>	<u>45,126</u>	<u>835</u>	<u>10,530</u>
Excess (deficiency) of total additions over total deductions	-	(196,821)	7,160	(56,881)	(7,397)	(257)	65
Cash and investment fund balance - beginning	<u>-</u>	<u>726,690</u>	<u>12,634</u>	<u>439,620</u>	<u>55,424</u>	<u>11,228</u>	<u>715</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 529,869</u>	<u>\$ 19,794</u>	<u>\$ 382,739</u>	<u>\$ 48,027</u>	<u>\$ 10,971</u>	<u>\$ 780</u>

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

	Coroner's Training and Education	Tax Distributions	Payroll Withholdings	County Payroll	Welfare Trust	City/Town Court Costs
Additions:						
Agency fund additions	\$ 2,418	\$ 74,116,457	\$ 776,495	\$ 8,119,062	\$ 1,500	\$ 11,042
Deductions:						
Agency fund deductions	2,190	73,470,907	758,273	8,119,062	300	10,360
Excess (deficiency) of total additions over total deductions	228	645,550	18,222	-	1,200	682
Cash and investment fund balance - beginning	172	-	145,517	-	12,108	5,651
Cash and investment fund balance - ending	<u>\$ 400</u>	<u>\$ 645,550</u>	<u>\$ 163,739</u>	<u>\$ -</u>	<u>\$ 13,308</u>	<u>\$ 6,333</u>

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

	County Recorder	Commercial Vehicle Excise Tax Distributions	Financial Institutions Tax Distributions	Wheel Tax	Mortgage Fees	Special Death Benefits
Additions:						
Agency fund additions	\$ 385,209	\$ 429,042	\$ 261,707	\$ 113,621	\$ 13,540	\$ 7,785
Deductions:						
Agency fund deductions	413,785	429,042	261,707	113,621	12,698	7,580
Excess (deficiency) of total additions over total deductions	(28,576)	-	-	-	842	205
Cash and investment fund balance - beginning	28,625	-	-	-	1,127	440
Cash and investment fund balance - ending	<u>\$ 49</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,969</u>	<u>\$ 645</u>

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

	Child Restraint Violations Fines	County Treasurer	County Sheriff	County Probation	County Plan Commission	Clerk of the Circuit Court
Additions:						
Agency fund additions	\$ 875	\$ 70,628,438	\$ 2,017,683	\$ 586,923	\$ 157,012	\$ 6,875,754
Deductions:						
Agency fund deductions	750	70,800,186	2,014,729	618,724	163,130	6,797,867
Excess (deficiency) of total additions over total deductions	125	(171,748)	2,954	(31,801)	(6,118)	77,887
Cash and investment fund balance - beginning	-	893,841	18,142	76,170	6,118	1,007,642
Cash and investment fund balance - ending	\$ 125	\$ 722,093	\$ 21,096	\$ 44,369	\$ -	\$ 1,085,529

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

	County Health	Prosecutor's Bad Check	Prosecutor's Miscellaneous Trust	Prosecutor's Trust	Sheriff's Inmate Trust	Totals
Additions:						
Agency fund additions	\$ 97,389	\$ 9,540	\$ -	\$ 55,857	\$ 255,656	\$ 168,729,039
Deductions:						
Agency fund deductions	97,389	9,540	-	55,857	253,362	168,471,869
Excess (deficiency) of total additions over total deductions	-	-	-	-	2,294	257,170
Cash and investment fund balance - beginning	35	-	352	-	16,226	3,476,180
Cash and investment fund balance - ending	<u>\$ 35</u>	<u>\$ -</u>	<u>\$ 352</u>	<u>\$ -</u>	<u>\$ 18,520</u>	<u>\$ 3,733,350</u>

MORGAN COUNTY  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF DEBT

For The Year Ended December 31, 2006

CAPITAL LEASES

The County has entered into the following capital leases:

Description of Asset	Present Value of Net Minimum Lease Payments	Ending Balance	Due Within One Year
John Deere Motor Grader	\$ 92,383	\$ 92,383	\$ 10,323
Highway Paver	48,087	48,087	23,524
Ingersoll-Rand DD70 Roller	24,313	24,313	11,894
Highway Gradall *	238,400	238,400	45,727

\* This is a new capital lease with debt service requirements beginning in 2007.

MORGAN COUNTY  
OTHER REPORTS

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

Board of County Commissioners  
Clerk of the Circuit Court

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

TO: THE OFFICIALS OF MORGAN COUNTY, INDIANA

Compliance

We have audited the compliance of Morgan 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, 2006. 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, 2006.

Internal Control Over Compliance

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

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

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

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

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

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

STATE BOARD OF ACCOUNTS

May 31, 2007

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

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 JUSTICE</u>			
Pass-Through Indiana Criminal Justice Institute			
Juvenile Accountability Incentive Block Grants	16.523	03-JB-067	\$ <u>475</u>
Crime Victim Assistance	16.575	05VA100 06VA106	15,326 <u>14,614</u>
Total for program			<u>29,940</u>
Violence Against Women Formula Grants	16.588	05ST040 06ST043	12,173 <u>5,606</u>
Total for program			<u>17,779</u>
Bulletproof Vest Partnership Program FY 06	16.607	None	<u>346</u>
Total for federal grantor agency			<u>48,540</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation			
Highway Safety Cluster			
State and Community Highway Safety	20.600	154AL-04-03-03-48	<u>13,077</u>
Pass-Through Indiana Criminal Justice Institute			
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601		
Operation Pullover		J8-06-04-04-01	8,160
Blood Draw Program		157PT-06-04-06-10	8,282
Fatality Crash Reduction Effort		157PT-2006-04-06-01	<u>22,684</u>
Total for program			<u>39,126</u>
Total for federal grantor agency			<u>52,203</u>

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

MORGAN COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2006  
(Continued)

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 HEALTH AND HUMAN SERVICES</u>			
Pass-Through Indiana Department of Health Centers for Disease Control Prevention - Investigations and Technical	93.283		
		U93/CCU517024-05	38,527
		U93/CCU517024-06	<u>17,925</u>
Total for program			<u>56,452</u>
Pass-Through Indiana Department of Children's Services Child Support Enforcement	93.563		
Clerk's Expenditures		None	27,078
Prosecutor's Expenditures		None	127,400
Collection Incentives		None	62,425
Indirect Costs		None	<u>46,613</u>
Total for program			<u>263,516</u>
Total for federal grantor agency			<u>319,968</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security Homeland Security Grant Cluster Emergency Management Performance Grants	97.042		
		C44P-6-071	11,888
Homeland Security Grant Program FY 06	97.067	None	131,042
State Homeland Security Program (SHSP) FY 06	97.073	None	11,250
Law Enforcement Terrorism Prevention Program (LETPP) FY 06	97.074	None	<u>76,799</u>
Total for cluster			<u>230,979</u>
Community Emergency Response Teams FY 06	97.054	None	<u>2,859</u>
Total for federal grantor agency			<u>233,838</u>
Total federal awards expended			<u>\$ 654,549</u>

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

MORGAN COUNTY  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

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

MORGAN 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
93.563	Child Support Enforcement Homeland Security Grant Cluster

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

**NORMAN VOYLES, PRESIDENT**  
**MORGAN COUNTY COMMISSIONERS**

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**MORGAN COUNTY**  
**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

May 31, 2007

**RE: Audit Finding 2005-1**

The Morgan County Commissioners plan to take the following steps to create and maintain a capital asset system that would account for all capital assets acquired and maintained by Morgan county.

- We have researched and found two companies we are considering for the project.
- Acquire funding through the Morgan County Council
- When the company and financing are in place we will implement the software we acquired to make us compliant.

*Norman Voyles*  
*Brenda Adams*

MORGAN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on July 2, 2007, with Norman Voyles, President of the Board of County Commissioners; Kenneth Hale, President of the County Council; and Brenda Adams, Auditor. Our audit disclosed no material items that warrant comment at this time.