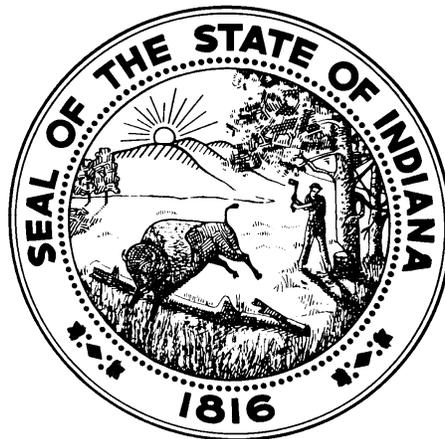


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

ANNUAL FINANCIAL REPORT

2007

MORGAN COUNTY, INDIANA



FILED

09/18/2008

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SCHEDULE OF OFFICIALS

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



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF 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, 2007, which collectively comprise the County's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

As discussed in Note I, the financial statements referred to above do not include a number of component units of the County which should have been included to fairly present the financial position of the County.

In our opinion, except that the omission of the component units of the County referred to in the preceding paragraph results in incomplete presentation, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2007, and the respective cash receipts and cash disbursements during the year then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated June 5, 2008, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

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

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

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Combining Schedules, as listed in the Table of Contents, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Long-Term 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

June 5, 2008



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

TO: THE OFFICIALS OF 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, 2007, which collectively comprise the County's basic financial statements and have issued our report thereon dated June 5, 2008. The opinions to the financial statements were qualified due to the omission of a number of component units of the County. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in item 2007-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

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, Board of County Commissioners, County Council, 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

June 5, 2008

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

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipt and Changes in Net Assets</u>
		<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Governmental Activities</u>
Primary government:				
Governmental activities:				
General government	\$ 10,789,454	\$ 20,887	\$ -	\$ (7,987,386)
Public safety	6,550,273	465,435	-	(3,910,232)
Highways and streets	6,268,961	3,072,891	626,943	(2,569,127)
Sanitation	115,209	-	16,125	(99,084)
Health and welfare	2,214,937	515,563	-	(1,699,374)
Economic development	58,629	-	-	(44,529)
Culture and recreation	10,283	-	-	(10,283)
	<u>\$ 26,007,746</u>	<u>\$ 4,074,776</u>	<u>\$ 643,068</u>	<u>(16,320,015)</u>
Total primary government				
General receipts:				
				8,783,468
				6,607,868
				2,086,343
				997,810
				120,000
				1,939,223
				20,534,712
				4,214,698
				23,205,682
				\$ 27,420,380
<u>Assets</u>				
Cash and investments				\$ 14,290,568
Cash with fiscal agent				451,208
Restricted assets:				
Cash and investments				12,678,604
Total assets				\$ 27,420,380
<u>Net Assets</u>				
Restricted for:				
Public safety				\$ 1,725,464
Highways and streets				1,790,799
Health and welfare				1,472,211
Capital outlay				7,690,130
Other purposes				451,208
Unrestricted				14,290,568
Total net assets				\$ 27,420,380

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, 2007

	General	Highway	Property Reassessment	Cumulative Capital Development	Other Governmental Funds	Totals
Receipts:						
Taxes	\$ 9,673,400	\$ -	\$ 246,472	\$ 588,245	\$ 4,975,445	\$ 15,483,562
Licenses and permits	127,031	-	-	-	93,032	220,063
Intergovernmental	1,163,798	3,031,851	37,250	88,905	2,516,880	6,838,684
Charges for services	568,020	-	-	-	1,078,844	1,646,864
Fines and forfeits	447,908	-	-	-	932,465	1,380,373
Other	1,670,584	33,142	160,760	160,246	619,031	2,643,763
Total receipts	13,650,741	3,064,993	444,482	837,396	10,215,697	28,213,309
Disbursements:						
General government	7,349,151	-	402,365	-	932,648	8,684,164
Public safety	4,450,376	-	-	-	1,872,509	6,322,885
Highways and streets	-	2,957,027	-	-	3,005,367	5,962,394
Sanitation	-	-	-	-	115,209	115,209
Health and welfare	190,293	-	-	-	2,024,644	2,214,937
Economic development	-	-	-	-	58,629	58,629
Culture and recreation	5,283	-	-	-	5,000	10,283
Capital outlay:						
General government	-	-	-	4,584	405,118	409,702
Public safety	-	-	-	223,648	3,740	227,388
Highways and streets	-	-	-	-	306,567	306,567
Total disbursements	11,995,103	2,957,027	402,365	228,232	8,729,431	24,312,158
Excess of receipts over disbursements	1,655,638	107,966	42,117	609,164	1,486,266	3,901,151
Other financing sources (uses):						
Net proceeds from borrowings	-	-	-	-	120,000	120,000
Transfers in	4,020	-	-	-	391,009	395,029
Transfers out	-	-	-	-	(395,029)	(395,029)
Total other financing sources (uses)	4,020	-	-	-	115,980	120,000
Excess of receipts and other financing sources over disbursements and other financing uses	1,659,658	107,966	42,117	609,164	1,602,246	4,021,151
Cash and investment fund balance - beginning	3,521,133	1,148,302	2,934,171	4,050,829	11,293,586	22,948,021
Cash and investment fund balance - ending	\$ 5,180,791	\$ 1,256,268	\$ 2,976,288	\$ 4,659,993	\$ 12,895,832	26,969,172
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.						
						451,208
Net assets of governmental activities						\$ 27,420,380
Cash and Investment Assets - Ending						
Cash and investments	\$ 5,180,791	\$ -	\$ 2,976,288	\$ -	\$ 6,133,489	\$ 14,290,568
Restricted assets:						
Cash and investments	-	1,256,268	-	4,659,993	6,762,343	12,678,604
Total cash and investment assets - ending	\$ 5,180,791	\$ 1,256,268	\$ 2,976,288	\$ 4,659,993	\$ 12,895,832	\$ 26,969,172
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ 1,725,464	\$ 1,725,464
Highways and streets	-	1,256,268	-	-	534,531	1,790,799
Health and welfare	-	-	-	-	1,472,211	1,472,211
Capital outlay	-	-	-	4,659,993	3,030,137	7,690,130
Unrestricted	5,180,791	-	2,976,288	-	6,133,489	14,290,568
Total cash and investment fund balance - ending	\$ 5,180,791	\$ 1,256,268	\$ 2,976,288	\$ 4,659,993	\$ 12,895,832	\$ 26,969,172

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, 2007

	<u>Internal Service Funds</u>
Operating receipts:	
Insurance contributions	\$ 1,717,527
Other	<u>169,273</u>
Total operating receipts	<u>1,886,800</u>
Operating disbursements:	
Insurance premiums	202,366
Insurance benefits	1,438,626
Other	<u>54,596</u>
Total operating disbursements	<u>1,695,588</u>
Excess of operating receipts over operating disbursements	<u>191,212</u>
Nonoperating receipts:	
Interest receipts	<u>2,335</u>
Excess receipts over disbursements and nonoperating receipts	193,547
Cash and investment fund balance - beginning	<u>257,661</u>
Cash and investment fund balance - ending	<u>\$ 451,208</u>
<u>Cash and Investment Assets - December 31</u>	
Cash with fiscal agent	<u>\$ 451,208</u>
<u>Cash and Investment Fund Balance - December 31</u>	
Restricted for:	
Other purposes	<u>\$ 451,208</u>

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, 2007

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Employer	\$ 321,217	\$ -	\$ -
Plan members	30,196	-	-
Total contributions	<u>351,413</u>	-	-
Investment earnings:			
Interest	<u>384,587</u>	-	-
Agency fund additions	-	-	<u>193,236,632</u>
Total additions	<u>736,000</u>	-	<u>193,236,632</u>
Deductions:			
Benefits	115,945	-	-
Administrative and general	70,038	-	-
Agency fund deductions	-	-	<u>191,590,580</u>
Total deductions	<u>185,983</u>	-	<u>191,590,580</u>
Excess of total additions over total deductions	550,017	-	1,646,052
Cash and investment fund balance - beginning	<u>3,705,901</u>	<u>20,880</u>	<u>3,733,350</u>
Cash and investment fund balance - ending	<u>\$ 4,255,918</u>	<u>\$ 20,880</u>	<u>\$ 5,379,402</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, culture and recreation, public improvements, planning and zoning, and general administrative services.

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

Primary Government:	Morgan County
Discretely Presented Component Unit:	Morgan Hospital and Medical Center
	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*.

The Morgan Hospital and Medical Center, 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 Library, Hoosier Heartland RC&D, Mooresville Public Library, Morgan County Economic Development Commission, and Morgan County Economic Development Corporation.

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.

Fund Financial Statements

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

MORGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 highway fund is used to account for the operating costs to maintain the county roads. The revenues for this fund are from gasoline taxes and wheel and surtax collections.

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 for each fund that accounts for payroll.

The pension trust funds account for the activities of the sheriff's retirement trust and 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 school corporations within the County.

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

C. Measurement Focus and Basis of Accounting

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

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

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.

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

Fund	2007
Stop Violence Against Women Grant 2007-2008	\$ 10,797
Prosecutor's Victim Advocate Grant 2007-2008	4,516
Sur Tax	30

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

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. At December 31, 2007, the bank balance

MORGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

held at Morgan Stanley Trust in the amount of \$4,255,918 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-County's 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, 2007, the County had the following investments:

Investment Type	Sheriffs Retirement and Benefit Pension Plans
U.S. Treasuries and Securities	\$ 451,572
U.S. Agencies	362,564
Mutual Funds	421,876
Corporate Debt Securities	131,990
Common Stock	2,887,916
Total	\$ 4,255,918

Investment Policies

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

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

MORGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

The Sheriff's Pension Plan is not subject to the same investment laws as the County. The 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.

The Sheriff's Merit Board has not adopted an investment policy for custodial credit risk for investments. At December 31, 2007, the Sheriff's Retirement and Benefit Pension Plans held investments in corporate stock, corporate debt securities, mutual funds, and government enterprises in the amount of \$4,255,918. 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 has not adopted a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses.

Sheriff's Retirement and Benefit Pension Plans:

Investment Type	Investment Maturities (in Years)		
	Less Than 1	1-2	More Than 2
U.S. treasuries and securities	\$ -	\$ 392,782	\$ 58,790
U.S. agencies	53,696	157,319	151,549
Debt securities	20,526	37,415	74,049
Totals	<u>\$ 74,222</u>	<u>\$ 587,516</u>	<u>\$ 284,388</u>

MORGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Credit Risk

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

Sheriff's Retirement and Benefit Pension Plans:

Standard and Poor's Rating	Moody's Rating	County's Investments			
		Corporate Bonds	Corporate Stocks	Government Sponsored Enterprise	Mutual Funds
AAA	Aaa	\$ 5,276	\$ -	\$ -	\$ -
AA	Aa	59,449	-	-	-
A	A	47,467	-	-	-
BBB	Baa	12,277	-	-	-
Unrated	Unrated	7,521	2,887,916	362,564	421,876
Totals		<u>\$ 131,990</u>	<u>\$ 2,887,916</u>	<u>\$ 362,564</u>	<u>\$ 421,876</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, 2007.

Foreign Currency Risk

The County does not have a formal policy in regards to foreign currency risk. At December 31, 2007, the County does not have any investments denominated in foreign currency.

The Sheriff's Merit Board has not adopted a formal policy in regards to foreign currency risk. At December 31, 2007, the Sheriff's Retirement and Benefit Plans do not have any investments denominated in foreign currency.

B. Interfund Transfers

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

MORGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Transfer From	Transfer To	2007
Other governmental funds	General Fund	\$ 4,020
Other governmental funds	Other governmental funds	391,009
Total		\$ 395,029

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, retirees and dependents. The risk financing fund is accounted for in the Morgan County Group Insurance Trust 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 County pays an annual premium to the risk pool for its job related illnesses or injuries to employees coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event.

MORGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Subsequent Events

The County had straight-line winds damage the Courthouse roof on January 29, 2008. Repairs have subsequently been made and the County's property damage insurance covered the costs other than the deductible.

The County approved the discontinuance of participation in the West Central Solid Waste Management District and the formation of the Morgan County Solid Waste Management District effective January 1, 2008.

The County received approval to form the Morgan County Regional Sewer District from Indiana Department of Environmental Management in 2008. The County's first project is to construct the Wiser Addition Sanitary Sewer System. This project is funded by State and local grants and a State Revolving Fund loan in the amount of \$476,000. A construction contract in the amount of \$1,086,468 was approved on March 3, 2008. After the project is completed, the system will be operated by the district which will charge monthly sewer fees to repay the debt and operate the system. The project is expected to be completed in the fall of 2008.

The County entered into two lease purchase agreements for highway trucks on February 27, 2008, and March 7, 2008. Each lease has annual debt service requirements of \$45,115 for five years with the first payment due at closing.

C. Administration of Welfare Programs

The County is required to provide certain funding for administrative costs of welfare programs, the Hospital Care for the Indigent Program, Medical Assistance to Wards and Children with Special Health Care Needs through local property tax levies. The County remits those taxes to the State, which pays the cost.

D. Pension Plans

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

1. Public Employees' Retirement Fund

Plan Description

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

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:

MORGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Funding Policy and Annual Pension Cost

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

2. County Police Retirement Plan

Plan Description

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

Funding Policy and Annual Pension Cost

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

3. County Police Benefit Plan

Plan Description

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

Funding Policy and Annual Pension Cost

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

MORGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plans

	PERF	County Police Retirement Plan	County Police Benefit Plan
Annual required contribution	\$ 363,734	\$ 296,915	\$ 11,086
Interest on net pension obligation	(22,131)	792	-
Adjustment to annual required contribution	25,219	(1,612)	-
Annual pension cost	366,822	296,095	11,086
Contributions made	320,801	310,131	11,086
Increase (decrease) in net pension obligation	46,021	(14,036)	-
Net pension obligation, beginning of year	(305,249)	11,314	-
Net pension obligation, end of year	\$ (259,228)	\$ (2,722)	\$ -

	PERF	County Police Retirement Plan	County Police Benefit Plan
Contribution rates:			
County	5%	31%	1%
Plan members	3%	6%	0%
Actuarial valuation date	07-01-06*	01-01-08	01-01-08
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

*The information for actuarial study as of June 30, 2007, was not available.

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%

MORGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Three Year Trend Information

	<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PERF	06-30-04	\$ 230,636	124%	\$ (299,198)
	06-30-05	295,610	102%	(305,249)
	06-30-06	366,822	87%	(259,228)
County Police Retirement Plan	12-31-05	303,514	100%	39,516
	12-31-06	311,514	108%	11,314
	12-31-07	296,915	105%	(2,722)
County Police Benefit Plan	12-31-05	12,107	100%	-
	12-31-06	9,402	100%	-
	12-31-07	11,086	100%	-

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)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 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%)

*Information for actuarial valuation dated July 1, 2007, is not available as of the report date.

County Police Retirement Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
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%)
01-01-08	4,142,647	5,284,789	(1,142,142)	78%	1,000,828	(114%)

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, 2007

	Local Road and Street	Accident Report	Firearms Training	Health	Law Enforcement Continuing Education	Clerk's Records Perpetuation
Receipts:						
Taxes	\$ 92,224	\$ -	\$ -	\$ 341,774	\$ -	\$ -
Licenses and permits	-	-	-	93,032	-	-
Intergovernmental	1,130,362	-	-	51,654	-	-
Charges for services	-	5,751	36,731	-	-	-
Fines and forfeits	-	-	-	-	6,021	10,391
Other	-	-	-	2,285	-	-
Total receipts	1,222,586	5,751	36,731	488,745	6,021	10,391
Disbursements:						
General government	-	-	-	-	-	1,000
Public safety	-	404	30,022	-	8,208	-
Highways and streets	1,572,968	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	482,519	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Total disbursements	1,572,968	404	30,022	482,519	8,208	1,000
Excess (deficiency) of receipts over disbursements	(350,382)	5,347	6,709	6,226	(2,187)	9,391
Other financing sources (uses):						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(350,382)	5,347	6,709	6,226	(2,187)	9,391
Cash and investment fund balance - beginning	884,913	2,138	27,367	86,589	26,624	10,819
Cash and investment fund balance - ending	<u>\$ 534,531</u>	<u>\$ 7,485</u>	<u>\$ 34,076</u>	<u>\$ 92,815</u>	<u>\$ 24,437</u>	<u>\$ 20,210</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 7,485	\$ 34,076	\$ -	\$ 24,437	\$ 20,210
Restricted assets:						
Cash and investments	534,531	-	-	92,815	-	-
Total cash and investment assets - ending	<u>\$ 534,531</u>	<u>\$ 7,485</u>	<u>\$ 34,076</u>	<u>\$ 92,815</u>	<u>\$ 24,437</u>	<u>\$ 20,210</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	534,531	-	-	-	-	-
Health and welfare	-	-	-	92,815	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	7,485	34,076	-	24,437	20,210
Total cash and investment fund balance - ending	<u>\$ 534,531</u>	<u>\$ 7,485</u>	<u>\$ 34,076</u>	<u>\$ 92,815</u>	<u>\$ 24,437</u>	<u>\$ 20,210</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, 2007
 (Continued)

	Emergency Telephone System	Drug Free Community	Emergency Planning and Right to Know	Extradition	Juvenile Probation Service	Adult Probation Service
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	80,027	-	5,276	-	-	-
Charges for services	-	-	-	-	27,529	237,709
Fines and forfeits	604,588	70,541	-	2,422	-	-
Other	35	980	-	-	-	-
Total receipts	684,650	71,521	5,276	2,422	27,529	237,709
Disbursements:						
General government	-	-	-	-	-	-
Public safety	388,237	38,560	625	1,500	-	134,202
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Total disbursements	388,237	38,560	625	1,500	-	134,202
Excess (deficiency) of receipts over disbursements	296,413	32,961	4,651	922	27,529	103,507
Other financing sources (uses):						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	296,413	32,961	4,651	922	27,529	103,507
Cash and investment fund balance - beginning	1,429,051	72,049	26,903	-	26,487	584,193
Cash and investment fund balance - ending	1,725,464	105,010	31,554	922	54,016	687,700
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 105,010	\$ 31,554	\$ 922	\$ 54,016	\$ 687,700
Restricted assets:						
Cash and investments	1,725,464	-	-	-	-	-
Total cash and investment assets - ending	1,725,464	105,010	31,554	922	54,016	687,700
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ 1,725,464	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	105,010	31,554	922	54,016	687,700
Total cash and investment fund balance - ending	1,725,464	105,010	31,554	922	54,016	687,700

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, 2007
 (Continued)

	Recorder's Records Perpetuation	Family and Children	Local Health Maintenance	Court Appointed Special Advocate	Plat Book	Misdemeanant
Receipts:						
Taxes	\$ -	\$ 1,740,381	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	518,699	61,074	9,642	-	42,249
Charges for services	112,776	3,064	-	-	19,660	-
Fines and forfeits	-	-	-	-	-	-
Other	-	16,625	-	750	-	-
Total receipts	112,776	2,278,769	61,074	10,392	19,660	42,249
Disbursements:						
General government	82,931	-	-	4,207	-	-
Public safety	-	-	-	-	-	45,912
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	1,376,525	52,299	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Total disbursements	82,931	1,376,525	52,299	4,207	-	45,912
Excess (deficiency) of receipts over disbursements	29,845	902,244	8,775	6,185	19,660	(3,663)
Other financing sources (uses):						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	29,845	902,244	8,775	6,185	19,660	(3,663)
Cash and investment fund balance - beginning	283,975	477,152	33,122	3,460	25,115	3,752
Cash and investment fund balance - ending	\$ 313,820	\$ 1,379,396	\$ 41,897	\$ 9,645	\$ 44,775	\$ 89
Cash and Investment Assets - Ending						
Cash and investments	\$ 313,820	\$ -	\$ 41,897	\$ 9,645	\$ 44,775	\$ 89
Restricted assets:						
Cash and investments	-	1,379,396	-	-	-	-
Total cash and investment assets - ending	\$ 313,820	\$ 1,379,396	\$ 41,897	\$ 9,645	\$ 44,775	\$ 89
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Health and welfare	-	1,379,396	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	313,820	-	41,897	9,645	44,775	89
Total cash and investment fund balance - ending	\$ 313,820	\$ 1,379,396	\$ 41,897	\$ 9,645	\$ 44,775	\$ 89

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, 2007
 (Continued)

	Supplemental Public Defender Service	Jail Commissary	Surveyor's Corner Perpetuation	Jury Pay	Rainy Day	Sales Disclosure
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 480,190	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	28,223	248,106	16,225	-	-	9,025
Fines and forfeits	-	-	-	16,545	-	-
Other	-	-	-	612	-	-
Total receipts	28,223	248,106	16,225	17,157	480,190	9,025
Disbursements:						
General government	-	-	1,500	27,433	-	-
Public safety	-	277,845	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Total disbursements	-	277,845	1,500	27,433	-	-
Excess (deficiency) of receipts over disbursements	28,223	(29,739)	14,725	(10,276)	480,190	9,025
Other financing sources (uses):						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	28,223	(29,739)	14,725	(10,276)	480,190	9,025
Cash and investment fund balance - beginning	73,621	155,680	59,247	56,691	500,000	8,558
Cash and investment fund balance - ending	\$ 101,844	\$ 125,941	\$ 73,972	\$ 46,415	\$ 980,190	\$ 17,583
Cash and Investment Assets - Ending						
Cash and investments	\$ 101,844	\$ 125,941	\$ 73,972	\$ 46,415	\$ 980,190	\$ 17,583
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 101,844	\$ 125,941	\$ 73,972	\$ 46,415	\$ 980,190	\$ 17,583
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	101,844	125,941	73,972	46,415	980,190	17,583
Total cash and investment fund balance - ending	\$ 101,844	\$ 125,941	\$ 73,972	\$ 46,415	\$ 980,190	\$ 17,583

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, 2007
 (Continued)

	Law Enforcement Prosecutor	Riverboat Revenue Sharing	Tobacco Settlement	Identification Security Protection	Operation Pullover	Children's Psychiatric Residential Treatment
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,298
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	32,680	-	17,627	10,928
Charges for services	-	-	-	30,164	-	-
Fines and forfeits	-	-	-	-	-	-
Other	76,606	420,525	-	-	-	-
Total receipts	76,606	420,525	32,680	30,164	17,627	83,226
Disbursements:						
General government	-	755,054	-	23,614	-	-
Public safety	19,587	-	-	-	15,260	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	42,974	-	-	70,327
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Total disbursements	19,587	755,054	42,974	23,614	15,260	70,327
Excess (deficiency) of receipts over disbursements	57,019	(334,529)	(10,294)	6,550	2,367	12,899
Other financing sources (uses):						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	57,019	(334,529)	(10,294)	6,550	2,367	12,899
Cash and investment fund balance - beginning	37,783	949,915	60,098	33,056	(1,815)	54,681
Cash and investment fund balance - ending	<u>\$ 94,802</u>	<u>\$ 615,386</u>	<u>\$ 49,804</u>	<u>\$ 39,606</u>	<u>\$ 552</u>	<u>\$ 67,580</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 94,802	\$ 615,386	\$ 49,804	\$ 39,606	\$ 552	\$ 67,580
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 94,802	\$ 615,386	\$ 49,804	\$ 39,606	\$ 552	\$ 67,580
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	94,802	615,386	49,804	39,606	552	67,580
Total cash and investment fund balance - ending	\$ 94,802	\$ 615,386	\$ 49,804	\$ 39,606	\$ 552	\$ 67,580

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, 2007
 (Continued)

	Emergency Management Agency Donations	County Economic Development Income Tax	K-9 Donation	Federal Forfeited Property	ADAPT Probation User Fees	Boot Camp Donations
Receipts:						
Taxes	\$ -	\$ 1,597,893	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	12,960	-	-	-	-
Charges for services	-	-	-	-	48,159	-
Fines and forfeits	-	-	-	-	-	-
Other	1,000	-	-	-	-	-
	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total receipts	<u>1,000</u>	<u>1,610,853</u>	<u>-</u>	<u>-</u>	<u>48,159</u>	<u>-</u>
Disbursements:						
General government	1,118	5,128	-	1,427	-	-
Public safety	-	-	266	-	1,325	80
Highways and streets	-	1,432,399	-	-	-	-
Sanitation	-	29,265	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	47,179	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>1,118</u>	<u>1,513,971</u>	<u>266</u>	<u>1,427</u>	<u>1,325</u>	<u>80</u>
Excess (deficiency) of receipts over disbursements	<u>(118)</u>	<u>96,882</u>	<u>(266)</u>	<u>(1,427)</u>	<u>46,834</u>	<u>(80)</u>
Other financing sources (uses):						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(118)</u>	<u>96,882</u>	<u>(266)</u>	<u>(1,427)</u>	<u>46,834</u>	<u>(80)</u>
Cash and investment fund balance - beginning	<u>118</u>	<u>1,792,878</u>	<u>266</u>	<u>3,099</u>	<u>55,823</u>	<u>80</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 1,889,760</u>	<u>\$ -</u>	<u>\$ 1,672</u>	<u>\$ 102,657</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 1,889,760	\$ -	\$ 1,672	\$ 102,657	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 1,889,760</u>	<u>\$ -</u>	<u>\$ 1,672</u>	<u>\$ 102,657</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	<u>-</u>	<u>1,889,760</u>	<u>-</u>	<u>1,672</u>	<u>102,657</u>	<u>-</u>
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 1,889,760</u>	<u>\$ -</u>	<u>\$ 1,672</u>	<u>\$ 102,657</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, 2007
 (Continued)

	Community Transition	Court Appointed Special Advocate Donations	Community Corrections Adult 2006-2007	Community Corrections Project Income 2006	Community Corrections Juvenile 2006-2007	Special Probation Programs
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	15,594	-	7,837	-
Charges for services	2,190	-	-	3	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>2,190</u>	<u>-</u>	<u>15,594</u>	<u>3</u>	<u>7,837</u>	<u>-</u>
Disbursements:						
General government	2,312	-	-	-	-	-
Public safety	-	-	23,417	6,726	13,335	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Total disbursements	<u>2,312</u>	<u>-</u>	<u>23,417</u>	<u>6,726</u>	<u>13,335</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(122)</u>	<u>-</u>	<u>(7,823)</u>	<u>(6,723)</u>	<u>(5,498)</u>	<u>-</u>
Other financing sources (uses):						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(205,702)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(205,702)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(122)</u>	<u>-</u>	<u>(7,823)</u>	<u>(212,425)</u>	<u>(5,498)</u>	<u>-</u>
Cash and investment fund balance - beginning	<u>15,997</u>	<u>1,602</u>	<u>15,529</u>	<u>212,425</u>	<u>16,416</u>	<u>130</u>
Cash and investment fund balance - ending	<u>\$ 15,875</u>	<u>\$ 1,602</u>	<u>\$ 7,706</u>	<u>\$ -</u>	<u>\$ 10,918</u>	<u>\$ 130</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 15,875	\$ 1,602	\$ 7,706	\$ -	\$ 10,918	\$ 130
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 15,875</u>	<u>\$ 1,602</u>	<u>\$ 7,706</u>	<u>\$ -</u>	<u>\$ 10,918</u>	<u>\$ 130</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	<u>15,875</u>	<u>1,602</u>	<u>7,706</u>	<u>-</u>	<u>10,918</u>	<u>130</u>
Total cash and investment fund balance - ending	<u>\$ 15,875</u>	<u>\$ 1,602</u>	<u>\$ 7,706</u>	<u>\$ -</u>	<u>\$ 10,918</u>	<u>\$ 130</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, 2007
 (Continued)

	Bulletproof Vests Grant	Waverly Sewer Grant	Boot Camp Fees	County Economic Development	Probation Administrative Fee	Health Bioterrorism Grant 2006-2007
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	8,423	16,125	-	-	-	46,097
Charges for services	-	-	-	14,100	52,078	-
Fines and forfeits	-	-	1,629	-	-	-
Other	-	-	-	-	-	-
Total receipts	8,423	16,125	1,629	14,100	52,078	46,097
Disbursements:						
General government	-	-	-	-	-	-
Public safety	8,076	-	2,228	-	58,083	37,758
Highways and streets	-	-	-	-	-	-
Sanitation	-	17,125	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	11,450	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Total disbursements	8,076	17,125	2,228	11,450	58,083	37,758
Excess (deficiency) of receipts over disbursements	347	(1,000)	(599)	2,650	(6,005)	8,339
Other financing sources (uses):						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	347	(1,000)	(599)	2,650	(6,005)	8,339
Cash and investment fund balance - beginning	(347)	1,000	4,641	3,350	66,493	(8,339)
Cash and investment fund balance - ending	\$ -	\$ -	\$ 4,042	\$ 6,000	\$ 60,488	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ 4,042	\$ 6,000	\$ 60,488	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ 4,042	\$ 6,000	\$ 60,488	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	-	4,042	6,000	60,488	-
Total cash and investment fund balance - ending	\$ -	\$ -	\$ 4,042	\$ 6,000	\$ 60,488	\$ -

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, 2007
 (Continued)

	Greenway Study	Homeland Security Domestic Prevention Grant	Health Bioterrorism Grant 2007	Fatal Alcohol Crash Team	Clerk's New Incentive	Prosecutor's New Incentive
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	17,901	8,353	-	2,275	12,937
Charges for services	-	-	-	-	547	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	-	17,901	8,353	-	2,822	12,937
Disbursements:						
General government	-	-	-	-	22,887	-
Public safety	-	17,901	8,353	-	-	20,389
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	5,000	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Total disbursements	5,000	17,901	8,353	-	22,887	20,389
Excess (deficiency) of receipts over disbursements	(5,000)	-	-	-	(20,065)	(7,452)
Other financing sources (uses):						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,000)	-	-	-	(20,065)	(7,452)
Cash and investment fund balance - beginning	5,000	-	-	1,000	38,971	72,397
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 18,906</u>	<u>\$ 64,945</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ -	\$ 1,000	\$ 18,906	\$ 64,945
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 18,906</u>	<u>\$ 64,945</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	-	-	1,000	18,906	64,945
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 18,906</u>	<u>\$ 64,945</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, 2007
 (Continued)

	Community Corrections Adult 2007	Community Corrections Project Income 2006-2007	Community Corrections Grant 2007-2008	Operation Round Up Grant	Prosecutor's Victim Advocate Grant 2006-2007	Pretrial Diversion Traffic
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	115,440	-	120,764	-	21,809	-
Charges for services	-	82,610	-	-	-	3,012
Fines and forfeits	-	-	-	-	-	191,851
Other	-	-	-	-	-	-
Total receipts	<u>115,440</u>	<u>82,610</u>	<u>120,764</u>	<u>-</u>	<u>21,809</u>	<u>194,863</u>
Disbursements:						
General government	-	-	-	-	-	-
Public safety	90,251	103,005	50,331	-	18,422	216,671
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Total disbursements	<u>90,251</u>	<u>103,005</u>	<u>50,331</u>	<u>-</u>	<u>18,422</u>	<u>216,671</u>
Excess (deficiency) of receipts over disbursements	<u>25,189</u>	<u>(20,395)</u>	<u>70,433</u>	<u>-</u>	<u>3,387</u>	<u>(21,808)</u>
Other financing sources (uses):						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	205,702	-	-	-	-
Transfers out	-	(185,307)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>20,395</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>25,189</u>	<u>-</u>	<u>70,433</u>	<u>-</u>	<u>3,387</u>	<u>(21,808)</u>
Cash and investment fund balance - beginning	-	-	-	110	(3,387)	96,152
Cash and investment fund balance - ending	<u>\$ 25,189</u>	<u>\$ -</u>	<u>\$ 70,433</u>	<u>\$ 110</u>	<u>\$ -</u>	<u>\$ 74,344</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 25,189	\$ -	\$ 70,433	\$ 110	\$ -	\$ 74,344
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 25,189</u>	<u>\$ -</u>	<u>\$ 70,433</u>	<u>\$ 110</u>	<u>\$ -</u>	<u>\$ 74,344</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	<u>25,189</u>	<u>-</u>	<u>70,433</u>	<u>110</u>	<u>-</u>	<u>74,344</u>
Total cash and investment fund balance - ending	<u>\$ 25,189</u>	<u>\$ -</u>	<u>\$ 70,433</u>	<u>\$ 110</u>	<u>\$ -</u>	<u>\$ 74,344</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, 2007
 (Continued)

	Pretrial Diversion Check	Stop Violence Against Women Grant 2006-2007	Stop Violence Against Women Grant 2007-2008	Prosecutor's Victim Advocate Grant 2007-2008	Court House Clock Grant	Local Health Bioterrorism
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	5,606	-	10,098	-	621
Charges for services	3,902	-	-	-	-	-
Fines and forfeits	14,500	-	-	-	-	-
Other	-	-	-	-	-	13,643
Total receipts	18,402	5,606	-	10,098	-	14,264
Disbursements:						
General government	-	-	-	-	-	-
Public safety	16,858	-	10,797	14,614	-	8,595
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Total disbursements	16,858	-	10,797	14,614	-	8,595
Excess (deficiency) of receipts over disbursements	1,544	5,606	(10,797)	(4,516)	-	5,669
Other financing sources (uses):						
Net proceeds from borrowings	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,544	5,606	(10,797)	(4,516)	-	5,669
Cash and investment fund balance - beginning	3,576	(5,606)	-	-	1,000	9,318
Cash and investment fund balance - ending	\$ 5,120	\$ -	\$ (10,797)	\$ (4,516)	\$ 1,000	\$ 14,987
Cash and Investment Assets - Ending						
Cash and investments	\$ 5,120	\$ -	\$ (10,797)	\$ (4,516)	\$ 1,000	\$ 14,987
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 5,120	\$ -	\$ (10,797)	\$ (4,516)	\$ 1,000	\$ 14,987
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	5,120	-	(10,797)	(4,516)	1,000	14,987
Total cash and investment fund balance - ending	\$ 5,120	\$ -	\$ (10,797)	\$ (4,516)	\$ 1,000	\$ 14,987

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, 2007
 (Continued)

	Blood Draw Program	Fatality Crash Reduction Effort Grant	Community Corrections Project Income 2007-2008	Community Development Block Grant- Wiser	CAPTA Grant	Stormwater Education
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	5,000	-
Charges for services	-	-	97,280	-	-	-
Fines and forfeits	-	-	-	-	-	11,560
Other	-	-	-	-	-	-
Total receipts	-	-	97,280	-	5,000	11,560
Disbursements:						
General government	-	-	-	-	-	4,037
Public safety	1,692	14,473	161,911	-	5,000	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	68,819	-	-
Health and welfare	-	-	-	-	-	-
Economic development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Total disbursements	1,692	14,473	161,911	68,819	5,000	4,037
Excess (deficiency) of receipts over disbursements	(1,692)	(14,473)	(64,631)	(68,819)	-	7,523
Other financing sources (uses):						
Net proceeds from borrowings	-	-	-	120,000	-	-
Transfers in	-	-	185,307	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	185,307	120,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,692)	(14,473)	120,676	51,181	-	7,523
Cash and investment fund balance - beginning	1,692	14,473	-	-	-	-
Cash and investment fund balance - ending	\$ -	\$ -	\$ 120,676	\$ 51,181	\$ -	\$ 7,523
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ 120,676	\$ 51,181	\$ -	\$ 7,523
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ 120,676	\$ 51,181	\$ -	\$ 7,523
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	-	120,676	51,181	-	7,523
Total cash and investment fund balance - ending	\$ -	\$ -	\$ 120,676	\$ 51,181	\$ -	\$ 7,523

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, 2007
 (Continued)

	Sex and Violent Offender Administration	Driving Under the Influence Task Force	Drainage Plat Review	Cumulative Bridge	Cumulative Building	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ 328,629	\$ 322,056	\$ 4,975,445
Licenses and permits	-	-	-	-	-	93,032
Intergovernmental	-	2,400	-	77,748	48,674	2,516,880
Charges for services	-	-	-	-	-	1,078,844
Fines and forfeits	2,417	-	-	-	-	932,465
Other	-	-	-	-	85,970	619,031
Total receipts	2,417	2,400	-	406,377	456,700	10,215,697
Disbursements:						
General government	-	-	-	-	-	932,648
Public safety	-	1,590	-	-	-	1,872,509
Highways and streets	-	-	-	-	-	3,005,367
Sanitation	-	-	-	-	-	115,209
Health and welfare	-	-	-	-	-	2,024,644
Economic development	-	-	-	-	-	58,629
Culture and recreation	-	-	-	-	-	5,000
Capital outlay:						
General government	-	-	-	-	405,118	405,118
Public safety	-	-	-	-	3,740	3,740
Highways and streets	-	-	-	306,567	-	306,567
Sanitation	-	-	-	-	-	-
Total disbursements	-	1,590	-	306,567	408,858	8,729,431
Excess (deficiency) of receipts over disbursements	<u>2,417</u>	<u>810</u>	<u>-</u>	<u>99,810</u>	<u>47,842</u>	<u>1,486,266</u>
Other financing sources (uses):						
Net proceeds from borrowings	-	-	-	-	-	120,000
Transfers in	-	-	-	-	-	391,009
Transfers out	-	-	(4,020)	-	-	(395,029)
Total other financing sources (uses)	-	-	(4,020)	-	-	115,980
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>2,417</u>	<u>810</u>	<u>(4,020)</u>	<u>99,810</u>	<u>47,842</u>	<u>1,602,246</u>
Cash and investment fund balance - beginning	<u>-</u>	<u>-</u>	<u>4,020</u>	<u>710,065</u>	<u>2,172,420</u>	<u>11,293,586</u>
Cash and investment fund balance - ending	<u>\$ 2,417</u>	<u>\$ 810</u>	<u>\$ -</u>	<u>\$ 809,875</u>	<u>\$ 2,220,262</u>	<u>\$ 12,895,832</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 2,417	\$ 810	\$ -	\$ -	\$ -	\$ 6,133,489
Restricted assets:						
Cash and investments	-	-	-	809,875	2,220,262	6,762,343
Total cash and investment assets - ending	<u>\$ 2,417</u>	<u>\$ 810</u>	<u>\$ -</u>	<u>\$ 809,875</u>	<u>\$ 2,220,262</u>	<u>\$ 12,895,832</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,725,464
Highways and streets	-	-	-	-	-	534,531
Health and welfare	-	-	-	-	-	1,472,211
Capital outlay	-	-	-	809,875	2,220,262	3,030,137
Unrestricted	<u>2,417</u>	<u>810</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,133,489</u>
Total cash and investment fund balance - ending	<u>\$ 2,417</u>	<u>\$ 810</u>	<u>\$ -</u>	<u>\$ 809,875</u>	<u>\$ 2,220,262</u>	<u>\$ 12,895,832</u>

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

	City and Town Court Costs	Congressional School Interest	Clerk's Trust	Surplus Tax Sale	Tax Sale Redemption	Surplus Tax	State Fines and Forfeitures
Additions:							
Agency fund additions	\$ 12,467	\$ 668	\$ 7,082,577	\$ -	\$ 91,550	\$ 77,209	\$ 31,657
Deductions:							
Agency fund deductions	11,366	835	6,794,747	451,039	91,550	77,589	28,909
Excess (deficiency) of total additions over total deductions	1,101	(167)	287,830	(451,039)	-	(380)	2,748
Cash and investment fund balance - beginning	6,333	10,971	1,085,529	529,869	-	48,027	3,321
Cash and investment fund balance - ending	<u>\$ 7,434</u>	<u>\$ 10,804</u>	<u>\$ 1,373,359</u>	<u>\$ 78,830</u>	<u>\$ -</u>	<u>\$ 47,647</u>	<u>\$ 6,069</u>

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

	Overweight Vehicle Fines	Recorder	Sheriff	Infraction Judgements	Inheritance Tax	Homestead Credit (Local Option)
Additions:						
Agency fund additions	\$ 5,590	\$ 394,525	\$ 2,647,534	\$ 257,934	\$ 1,665,969	\$ 10,139,220
Deductions:						
Agency fund deductions	5,792	393,776	2,622,794	252,507	1,846,970	10,139,220
Excess (deficiency) of total additions over total deductions	(202)	749	24,740	5,427	(181,001)	-
Cash and investment fund balance - beginning	1,371	49	21,096	15,102	382,739	-
Cash and investment fund balance - ending	\$ 1,169	\$ 798	\$ 45,836	\$ 20,529	\$ 201,738	\$ -

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

	Property Replacement and Homestead Credit	Sale of County Owned Property	Probation Department	Payroll	Public Employees Retirement Withholdings	Payroll Withholding Insurance
Additions:						
Agency fund additions	\$ 3,229,212	\$ 19,056	\$ 668,645	\$ 8,326,745	\$ 591,393	\$ 57,312
Deductions:						
Agency fund deductions	<u>3,229,212</u>	<u>19,056</u>	<u>664,386</u>	<u>8,326,745</u>	<u>576,765</u>	<u>57,312</u>
Excess (deficiency) of total additions over total deductions	-	-	4,259	-	14,628	-
Cash and investment fund balance - beginning	<u>-</u>	<u>-</u>	<u>44,369</u>	<u>-</u>	<u>155,430</u>	<u>-</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 48,628</u>	<u>\$ -</u>	<u>\$ 170,058</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, 2007
 (Continued)

	Payroll Withholding Life Insurance	Payroll Withholding Insurance Other	Special Death Benefit	Education Plate Fees	Financial Institution Tax Distributions	Payroll Withholding Sheriff Retirement
Additions:						
Agency fund additions	\$ 25,829	\$ 128,928	\$ 7,400	\$ 6,450	\$ 258,012	\$ 30,441
Deductions:						
Agency fund deductions	25,833	128,928	7,390	6,450	258,012	30,441
Excess (deficiency) of total additions over total deductions	(4)	-	10	-	-	-
Cash and investment fund balance - beginning	1,001	-	645	-	-	-
Cash and investment fund balance - ending	<u>\$ 997</u>	<u>\$ -</u>	<u>\$ 655</u>	<u>\$ -</u>	<u>\$ -</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, 2007
 (Continued)

	Wheel Tax	Sur Tax	Mortgage Fees State Share	Child Restraint Violation Fines	Commercial Vehicle Excise Tax Distribution	Welfare Trust
Additions:						
Agency fund additions	\$ 135,512	\$ 748,466	\$ 10,156	\$ 1,550	\$ 450,498	\$ 1,306
Deductions:						
Agency fund deductions	135,092	748,496	11,305	1,650	450,498	5,996
Excess (deficiency) of total additions over total deductions	420	(30)	(1,149)	(100)	-	(4,690)
Cash and investment fund balance - beginning	-	-	1,969	125	-	13,308
Cash and investment fund balance - ending	<u>\$ 420</u>	<u>\$ (30)</u>	<u>\$ 820</u>	<u>\$ 25</u>	<u>\$ -</u>	<u>\$ 8,618</u>

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

	Homestead Credit Rebate	Tax Distribution	County Treasurer's After Settlement Collections	Payroll Withholding AFLAC	Payroll Withholding United Way	Voluntary PERF Contribution Withholdings
Additions:						
Agency fund additions	\$ 2,598,620	\$ 73,214,117	\$ 75,538,870	\$ 34,879	\$ 1,920	\$ 19,326
Deductions:						
Agency fund deductions	2,000,000	73,859,667	73,558,477	34,503	1,920	18,177
Excess (deficiency) of total additions over total deductions	598,620	(645,550)	1,980,393	376	-	1,149
Cash and investment fund balance - beginning	-	645,550	722,093	2,456	-	4,852
Cash and investment fund balance - ending	<u>\$ 598,620</u>	<u>\$ -</u>	<u>\$ 2,702,486</u>	<u>\$ 2,832</u>	<u>\$ -</u>	<u>\$ 6,001</u>

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

	Economic Development Income Tax Distributions	Economic Development Income Tax Homestead Credit	Payment In Lieu of Taxes Distribution	Sex and Violent Offender State	State Sales Disclosure Fees	Coroner's Continuing Education
Additions:						
Agency fund additions	\$ 3,002,042	\$ 892,725	\$ 377,254	\$ 194	\$ 9,025	\$ 3,298
Deductions:						
Agency fund deductions	<u>3,002,042</u>	<u>887,137</u>	<u>377,254</u>	<u>168</u>	<u>9,245</u>	<u>3,381</u>
Excess (deficiency) of total additions over total deductions	-	5,588	-	26	(220)	(83)
Cash and investment fund balance - beginning	<u>-</u>	<u>17,058</u>	<u>-</u>	<u>-</u>	<u>780</u>	<u>400</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 22,646</u>	<u>\$ -</u>	<u>\$ 26</u>	<u>\$ 560</u>	<u>\$ 317</u>

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

	Health Department	State Interstate Compact Fee	Prosecutor's Miscellaneous Trust	Prosecutor's Trust	Sheriff Inmate Trust	Totals
Additions:						
Agency fund additions	\$ 96,338	\$ 38	\$ -	\$ 40,997	\$ 303,178	\$ 193,236,632
Deductions:						
Agency fund deductions	96,338	38	77	40,997	300,498	191,590,580
Excess (deficiency) of total additions over total deductions	-	-	(77)	-	2,680	1,646,052
Cash and investment fund balance - beginning	35	-	352	-	18,520	3,733,350
Cash and investment fund balance - ending	<u>\$ 35</u>	<u>\$ -</u>	<u>\$ 275</u>	<u>\$ -</u>	<u>\$ 21,200</u>	<u>\$ 5,379,402</u>

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

The County has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Highway Grader	\$ 82,062	\$ 85,000
Highway Roller	12,420	12,969
Highway Excavator	192,673	45,727
Police Vehicle	13,226	13,634
Notes and loans payable	<u>120,000</u>	<u>124,709</u>
Total governmental activities debt	<u>\$ 420,381</u>	<u>\$ 282,039</u>

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
County Auditor

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF 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, 2007. The County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

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

Internal Control Over Compliance

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

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

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

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

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

This report is intended solely for the information and use of the County's management, Board of County Commissioners, County Council, 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

June 5, 2008

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

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Indiana Office of the Lieutenant Governor Community Development Block Grants/State's Program Waverly Sewer Planning Grant	14.228	PL-04-034	\$ <u>16,125</u>
Total for federal grantor agency			<u>16,125</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Direct Grant			
Bulletproof Vest Partnership Program FY2004	16.607	4BUBX04025	<u>8,076</u>
Pass-Through Indiana Criminal Justice Institute Crime Victim Assistance	16.575		
Victim Assistance		06VA106	14,742
Victim Assistance		07VA094	<u>14,615</u>
Total for program			<u>29,357</u>
Violence Against Women Formula Grants Domestic Violence Prosecutor	16.588	07ST023	<u>10,797</u>
Total for federal grantor agency			<u>48,230</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation Highway Planning and Construction Cluster Highway Planning and Construction Bridge Inspection	20.205	BR-NBIS(564)	<u>41,040</u>
Pass-Through Indiana Criminal Justice Institute Highway Safety Cluster			
State and Community Highway Safety Operation Pullover	20.600	OP-08-01-02-24	<u>3,366</u>
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601		
Operation Pullover		OP-07-01-02-21	11,893
DUI Task Force Indiana		K8-2008-02-03-21	<u>1,591</u>
Total for program			<u>13,484</u>
Total for cluster			<u>16,850</u>
Total for federal grantor agency			<u>57,890</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, 2007
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through Indiana Department of Health			
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283		
FY 2006-2007		U90/CCU517024-07	37,758
FY 2007		U90/CCU517024-08	<u>8,353</u>
Total for program			<u>46,111</u>
Pass-Through Indiana Department of Child Services			
Child Support Enforcement	93.563		
Clerk's Expenditures			42,698
Prosecutor's Expenditures			177,726
Collection Incentives			59,226
Indirect Costs			<u>64,018</u>
Total for program			<u>343,668</u>
Pass-Through Indiana Supreme Court			
Child Abuse and Neglect State Grants	93.669		
CAPTA			<u>5,000</u>
Total for federal grantor agency			<u>394,779</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security			
Homeland Security Cluster			
State Homeland Security Program	97.073		
FY 2006 GIS Laptop Project			<u>17,901</u>
Emergency Management Performance Grants	97.042		
FY 2006 EMPG			<u>16,053</u>
Total for federal grantor agency			<u>33,954</u>
Total federal awards expended			<u>\$ 550,978</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

I. 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
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Federal Awards:

Internal control over major programs:

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

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

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

CFDA Number	Name of Federal Program or Cluster
93.563	Child Support Enforcement

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

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

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

MORGAN COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

MORGAN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on July 8, 2008, with Brenda Adams, Auditor; Norman Voyles, President of the Board of County Commissioners; and Kenneth Hale, President of the County Council. Our audit disclosed no material items that warrant comment at this time.