

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF  
MORGAN COUNTY, INDIANA  
January 1, 2012 to December 31, 2012



**FILED**  
08/19/2013



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Brenda Adams	01-01-11 to 12-31-14
Treasurer	Dena Burkett Julie Minton	01-01-09 to 12-31-12 01-01-13 to 12-31-16
Clerk	Marguerite (Peggy) Mayfield (Vacant) Stephanie Elliott	01-01-11 to 11-19-12 11-20-12 to 11-28-12 11-29-12 to 12-31-14
Sheriff	Robert J. Downey	01-01-11 to 12-31-14
Recorder	Pamela Kivett	01-01-09 to 12-31-16
President of the Board of County Commissioners	Norman Voyles	01-01-12 to 12-31-13
President of the County Council	Kenneth L. Hale	01-01-12 to 12-31-13



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF MORGAN COUNTY, INDIANA

***Report on the Financial Statement***

We have audited the accompanying financial statement of Morgan County (County), which comprises the financial position and results of operations for the year ended December 31, 2012, and the related notes to the financial statement.

***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As discussed in Note 1 of the financial statement, the County prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the County for the year ended December 31, 2012.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the County for the year ended December 31, 2012, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated August 7, 2013, 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

***Accompanying Information***

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the County's financial statement. 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 financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

Our audit was conducted for the purpose of forming an opinion on the County's financial statement. The Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

*Other Information*

Included in the financial statement are the receipts and disbursements activity from emergency telephone system fees (IC 36-8-16), enhanced wireless emergency telephone fees (IC 36-8-16.5), and statewide 911 services fees (IC 36-8-16.7). In accordance with Indiana Code 36-8-16-14, Indiana Code 36-8-16.5-41, and Indiana Code 36-8-16.7-38, these fees have been subject to an annual audit performed by the Indiana State Board of Accounts and, in our opinion, are fairly stated, in all material respects, in relation to the financial statement taken as a whole.



Bruce Hartman  
State Examiner

August 7, 2013



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF MORGAN COUNTY, INDIANA

We have audited, 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, the financial statement of Morgan County (County), which comprises the financial position and results of operations for the year ended December 31, 2012, and the related notes to the financial statement, and have issued our report thereon dated August 7, 2013, wherein we noted the County followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statement, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1 to be significant deficiencies.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the County's financial statement is 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*.

***Morgan County's Response to Findings***

The County's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Bruce Hartman  
State Examiner

August 7, 2013

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## FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the County. The financial statement and notes are presented as intended by the County.

MORGAN COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2012

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
After Settlement Collections	\$ 964,914	\$ 1,017,279	\$ 964,914	\$ 1,017,279
Sheriff's Inmate Trust	35,533	463,272	447,551	51,254
Jail Commissary	291,483	222,150	251,520	262,113
Clerk's Trust	134,783	1,404,748	1,433,516	106,015
Sheriff's Cashbook	85,133	2,907,262	2,931,570	60,825
General	4,115,076	14,732,152	14,319,632	4,527,596
Accident Report	8,647	6,090	1,985	12,752
Campaign Finance Enforcement - County	100	350	-	450
CEDIT County Share	3,809,721	1,835,574	572,870	5,072,425
City and Town Court Costs	5,920	11,153	11,665	5,408
Clerk's Records Perpetuation	22,596	15,683	13,833	24,446
Community Transition Program	15,496	7,261	5,556	17,201
Convention Visitor and Tourism Promotion	96,809	91,315	122,990	65,134
Sales Disclosure - County Share	31,243	6,660	-	37,903
Cumulative Bridge	749,038	372,894	420,556	701,376
Cumulative Building	3,134,166	2,420	8,914	3,127,672
Cumulative Capital Development	4,767,067	816,668	1,220,991	4,362,744
Drug Free Community	79,674	42,276	76,312	45,638
Economic Development Fee	3,600	4,400	7,750	250
Emergency Planning/Right To Know	43,138	7,085	5,673	44,550
Emergency Telephone System	711,044	128,493	839,537	-
Extradition	3,000	1,691	4,614	77
Firearms Training	71,273	43,358	47,514	67,117
General Drain Improvement	-	1,000,000	13,222	986,778
Health	130,200	465,380	514,739	80,841
Identification Security Protection	97,823	7,137	19,703	85,257
Levy Excess	-	114,846	-	114,846
Local Health Maintenance	54,841	50,635	41,243	64,233
Local Road and Street	1,542,145	1,145,373	1,596,702	1,090,816
LOIT Public Safety - County Share	4,395,001	2,041,289	2,166,675	4,269,615
Misdemeanant	288	42,248	42,536	-
Motor Vehicle Highway	294,885	2,449,245	2,332,551	411,579
Plat Book	40,875	16,285	-	57,160
Rainy Day	6,283,579	2,663	435,446	5,850,796
Reassessment - 2009	2,167,451	2,883	493,727	1,676,607
Reassessment - 2015	530,477	532,080	-	1,062,557
Recorder's Records Perpetuation	240,132	126,843	154,333	212,642
Riverboat	1,128,697	1,226,508	513,657	1,841,548
Sex and Violent Offender Administration	5,212	5,164	4,650	5,726
Supplemental Public Defender Services	231,493	77,990	63,000	246,483
Surplus Tax	129,560	56,562	125,293	60,829
Surveyor's Corner Perpetuation	73,975	13,055	4,063	82,967
Tax Sale Redemption	-	101,250	101,250	-
Tax Sale Surplus	511,623	637,196	527,282	621,537
Wireless Emergency Telephone System	715,961	104,434	820,395	-
GAL/CASA	24,252	10,198	12,325	22,125
Auditors Ineligible Deductions	-	10,424	423	10,001
County Elected Officials Training	2,611	7,136	-	9,747
Statewide 911	-	1,639,037	276,976	1,362,061
Supplemental Adult Probation Services	788,390	205,720	335,452	658,658
Supplemental Juvenile Probation Services	46,268	18,527	47,816	16,979
Self Insurance	266,381	2,365,354	1,857,380	774,355
Payroll Clearing	-	10,213,297	10,213,297	-
Payroll Withholding - PERF	-	947,271	947,271	-
Payroll Withholding - Sheriff Pension	-	36,649	36,649	-
Settlement	-	49,675,885	49,675,885	-
CVET Agency	-	276,167	276,167	-
Financial Institution Tax	-	191,885	191,885	-
CEDIT Homestead Credit	16,085	991,342	844,712	162,715
HEA 1001 State Homestead Credit	(3,554)	-	6	(3,560)
Homestead Credit Rebate	22,660	-	22,660	-
LOIT PTRC	574,363	14,164,085	12,372,257	2,366,191
State Fines and Forfeitures	2,723	11,443	12,756	1,410
Infraction Judgements	10,588	159,336	157,721	12,203
Overweight Vehicle Fines	-	93	-	93
Special Death Benefit	430	6,055	5,800	685
Sales Disclosure - State Share	550	6,660	6,600	610
Coroners Training & Con't Education	322	4,604	4,632	294
Interstate Compact - State Share	-	438	375	63
Mortgage Recording Fees - State Share	688	8,123	7,968	843
DLGF Homestead Property Database	-	10	9	1
Sex and Violent Offender Admin - State	30	571	568	33
Child Restraint Violations Fines	75	1,234	1,284	25
Inheritance Tax	248,451	839,567	981,382	106,636
Education Plate Fees Agency	-	1,088	1,088	-
Riverboat Revenue Sharing	-	408,123	408,123	-
CAGIT Distribution	-	14,138,084	14,138,084	-

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

MORGAN COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For The Year Ended December 31, 2012  
(Continued)

Fund	Cash and Investments 01-01-12	Receipts	Disbursements	Cash and Investments 12-31-12
CEDIT Distribution	-	2,832,415	2,832,415	-
93.563 Prosecutor PCA	1,650	1,927	1,156	2,421
93.563 Title IV-D ARRA	28,695	-	6,650	22,045
93.563 ARRA Prosecutor IV-D Incentive	12,963	-	12,964	(1)
93.563 ARRA Clerk IV-D Incentive	1,789	-	-	1,789
93.563 Title IV-D Incentive	46,466	30,681	38	77,109
93.563 Prosecutor IV-D Incentive-Post Oct '99	133,221	46,169	59,607	119,783
93.563 Clerk IV-D Incentive-Post Oct '99	31,390	18,689	12,704	37,375
Clerk's Child Support	18,686	1,572,289	1,562,414	28,561
Clerk's Interest Trust	169,859	34,660	35,532	168,987
Clerk's Bonds	464,173	588,513	511,604	541,082
Jury User Fee	3,927	13,001	5,324	11,604
ADAPT	85,189	39,069	11,630	112,628
Co Law Enforce Continuing Ed	1,239	2,300	-	3,539
Law Enforcement Co User Fee	8,980	2,400	80	11,300
Pretrial Div-Traffic	140,105	171,253	191,990	119,368
Pretrial Div-Check	16,368	3,569	5,365	14,572
Administration Fees	49,733	38,423	55,729	32,427
Comm Corr Proj Income 11-12	353,773	70,081	423,854	-
Comm Corr Proj Income 12-13	-	386,213	46,096	340,117
K-9 Donations	150	61	-	211
EMA Donations	761	819	1,230	350
CASA Donations	1,021	-	-	1,021
Jail Bond Proceeds	1,362	-	1,362	-
Special Probation Programs	130	9,486	3,677	9,939
Local Health Dept Trust	14,532	48,710	12,981	50,261
Flood Homes Demolition	25,182	98,965	71,472	52,675
Mo Co Partner Water Quality	9,230	10,925	5,383	14,772
Work Release Intake Fee	2,775	4,350	-	7,125
Law Enforcement Fund	69,920	9,117	24,249	54,788
Federal Forfeited Property	1,919	28,199	5,165	24,953
Boot Camp Fees	2,664	-	2,664	-
Co Offender Transportation	125	313	-	438
Local Health Dept Tr	30,236	400	30,636	-
United Way	-	1,612	1,612	-
Insurance Group Trust	-	485,788	485,788	-
Life Insurance	-	52,866	52,866	-
Dental & Vision	-	75,180	75,180	-
AFLAC	3,473	49,023	48,363	4,133
Vol PERF Contributions	-	29,345	29,345	-
Sur Tax	-	659,552	659,552	-
Wheel Tax	395	118,407	116,552	2,250
LOIT Prop Tax Oper Levies Rep	-	2,827,616	2,628,896	198,720
LOIT Public Safety	-	3,534,521	3,534,521	-
LOIT Stabilization	3,594,293	-	740,465	2,853,828
16.607 Bullet Proof Vest	(16,939)	17,788	849	-
20.219 Recreational Trls Prg	(918)	39,564	38,646	-
93.069 Bioterror Base 11-12	(7,604)	10,974	3,370	-
14.228 CDBG-Primary	(115,821)	114,870	48,826	(49,777)
14.228 CDBG-Henderson	(2,965)	4,273	1,308	-
14.228 CDBG-Old Town Waverly	76,890	170,628	292,721	(45,203)
20.600 Operation Pullvoer	247	11,250	14,820	(3,323)
14.228 OCRA-Wildwood Dam	-	193,452	193,452	-
14.228 OCRA-Lake Edgewood Dam	-	869,458	869,458	-
97.042 EMP Competitive	-	7,667	7,667	-
20.205 Brooklyn Pedest Bridge	47,964	13,686	17,858	43,792
93.069 Bioterror CRI 11-12	(3,943)	23,590	19,647	-
97.039 HAZ MIT-Primary	65,164	43,322	108,486	-
97.039 HAZ MIT-Henderson	3,248	675	-	3,923
97.039 HAZ MIT-Old Town Waverly	699,767	127,915	878,162	(50,480)
16.588 STOP Viol Ag Wo 11-12	(7,350)	15,254	7,904	-
16.575 VOCA 11-12	(6,323)	33,427	27,104	-
14.228 CDBG-Hart Lake	-	40,000	40,000	-
16.588 STOP Viol Ag Wo 12-13	-	2,838	3,405	(567)
93.074 Bioterror Base 12-13	-	8,184	14,292	(6,108)
97.039 HAZ MIT-2010 Waverly	-	1,894	204,647	(202,753)
14.228 CDBG-2010 Waverly	-	-	68,215	(68,215)
16.575 VOCA 12-13	-	-	7,161	(7,161)
93.074 Bioterror CRI 12-13	-	-	2,649	(2,649)
Comm Corr Grant 11-12	17,684	94,895	106,885	5,694
Interpreter Grant	3,090	-	-	3,090
CTP Grant 11-12	710	3,350	4,060	-
Comm Corr Grant 12-13	-	122,008	106,121	15,887
CTP Grant 12-13	-	3,200	3,200	-
Totals	<u>\$ 45,834,260</u>	<u>\$ 146,568,775</u>	<u>\$ 143,915,505</u>	<u>\$ 48,487,530</u>

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

MORGAN COUNTY  
NOTES TO FINANCIAL STATEMENT

**Note 1. 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 some or all of 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 accompanying financial statement presents the financial information for the County.

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), 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 regulatory 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.

*C. Cash and Investments*

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

*D. Receipts*

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Taxes which can include one or more of the following: property taxes, certified shares (local option tax), property tax replacement credit (local option tax), county option income tax, wheel tax, innkeepers tax, food and beverage tax, county economic development income tax, boat and trailer excise tax, county adjusted gross income tax, and other taxes that are set by the County.

Licenses and permits which include amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the permit. Examples of licenses and permits include: peddler licenses, dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits, and gun permits.

Intergovernmental receipts which include receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts include, but are not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state,

MORGAN COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services which can include, but are not limited to the following: planning commission charges, building department charges, copies of public records, copy machine charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable tv receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

Fines and forfeits which include receipts derived from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Other receipts which include amounts received from various sources which can include, but are not limited to the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution or court order; internal service receipts; and fiduciary receipts.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service principal and interest which include fixed obligations resulting from financial transactions previously entered into by the County. It includes all expenditures for the reduction of the principal and interest of the County's general obligation indebtedness.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements, and transfers out that are authorized by statute, ordinance, resolution, or court order.

MORGAN COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*F. Interfund Transfers*

The County may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the County. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the County. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the County in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the County submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

**Note 3. Property Taxes**

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

**Note 4. Deposits and Investments**

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

State statutes authorize the County to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

MORGAN COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 5. Risk Management**

The County may be 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; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the County to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is 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 this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) 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 members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS 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. That report may be obtained by contacting:

Indiana Public Retirement System  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy and Annual Pension Cost*

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

*B. County Police Retirement Plan*

*Plan Description*

The County Police Retirement Plan 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.

MORGAN COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

The plan provides retirement, death, and disability benefits to plan members and beneficiaries. Funds designated for payments related to this plan are accounted for in a pension trust fund. The activity of this trust fund has not been reflected in the financial statement. 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*

The contribution requirements of plan members for the County Police Retirement Plan are established by state statute.

**C. County Police Benefit Plan**

*Plan Description*

The County Police Benefit Plan 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. Funds designated for payments related to this plan are accounted for in a pension trust fund. The activity of this trust fund has not been reflected in the financial statement. 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*

The contribution requirements of plan members for the County Police Benefit Plan are established by state statute.

**Note 7. Restatement of County Offices**

Certain funds that were included on the prior year financial statement have been omitted from the current year financial statement to more accurately reflect the financial activity of the County. These funds account for receipts and disbursements of County offices that are also eventually accounted for in the County's general ledger and financial statements.

**Note 8. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of reimbursable grants. Reimbursements were not received by December 31, 2012.

## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the County's Annual Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Report of the County which is referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the County. It is presented as intended by the County.

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012

	After Settlement Collections	Sheriff's Inmate Trust	Jail Commissary	Clerk's Trust	Sheriff's Cashbook	General	Accident Report	Campaign Finance Enforcement - County
Cash and investments - beginning	\$ 964,914	\$ 35,533	\$ 291,483	\$ 134,783	\$ 85,133	\$ 4,115,076	\$ 8,647	\$ 100
Receipts:								
Taxes	-	-	-	-	-	11,126,211	-	-
Licenses and permits	-	-	-	-	-	73,339	-	-
Intergovernmental	-	-	-	-	-	1,927,626	-	-
Charges for services	-	-	-	-	-	447,458	6,090	-
Fines and forfeits	-	-	-	-	-	468,387	-	350
Other receipts	<u>1,017,279</u>	<u>463,272</u>	<u>222,150</u>	<u>1,404,748</u>	<u>2,907,262</u>	<u>689,131</u>	<u>-</u>	<u>-</u>
Total receipts	<u>1,017,279</u>	<u>463,272</u>	<u>222,150</u>	<u>1,404,748</u>	<u>2,907,262</u>	<u>14,732,152</u>	<u>6,090</u>	<u>350</u>
Disbursements:								
Personal services	-	-	-	-	-	9,559,203	-	-
Supplies	-	-	-	-	-	882,049	1,811	-
Other services and charges	-	-	-	-	-	2,869,018	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	245,581	174	-
Other disbursements	<u>964,914</u>	<u>447,551</u>	<u>251,520</u>	<u>1,433,516</u>	<u>2,931,570</u>	<u>763,781</u>	<u>-</u>	<u>-</u>
Total disbursements	<u>964,914</u>	<u>447,551</u>	<u>251,520</u>	<u>1,433,516</u>	<u>2,931,570</u>	<u>14,319,632</u>	<u>1,985</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>52,365</u>	<u>15,721</u>	<u>(29,370)</u>	<u>(28,768)</u>	<u>(24,308)</u>	<u>412,520</u>	<u>4,105</u>	<u>350</u>
Cash and investments - ending	<u>\$ 1,017,279</u>	<u>\$ 51,254</u>	<u>\$ 262,113</u>	<u>\$ 106,015</u>	<u>\$ 60,825</u>	<u>\$ 4,527,596</u>	<u>\$ 12,752</u>	<u>\$ 450</u>

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	CEDIT County Share	City and Town Court Costs	Clerk's Records Perpetuation	Community Transition Program	Convention Visitor and Tourism Promotion	Sales Disclosure - County Share	Cumulative Bridge	Cumulative Building
Cash and investments - beginning	\$ 3,809,721	\$ 5,920	\$ 22,596	\$ 15,496	\$ 96,809	\$ 31,243	\$ 749,038	\$ 3,134,166
Receipts:								
Taxes	1,781,934	-	-	-	91,315	-	296,290	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	50,722	-	1,927	-	-	-	44,344	-
Charges for services	-	-	-	7,261	-	6,660	-	-
Fines and forfeits	-	11,153	13,756	-	-	-	-	-
Other receipts	2,918	-	-	-	-	-	32,260	2,420
Total receipts	1,835,574	11,153	15,683	7,261	91,315	6,660	372,894	2,420
Disbursements:								
Personal services	-	-	12,655	-	-	-	249,221	-
Supplies	76,903	-	-	1,000	-	-	-	-
Other services and charges	128,338	-	392	1,800	-	-	149,422	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	312,629	-	786	2,756	-	-	21,913	8,914
Other disbursements	55,000	11,665	-	-	122,990	-	-	-
Total disbursements	572,870	11,665	13,833	5,556	122,990	-	420,556	8,914
Excess (deficiency) of receipts over disbursements	1,262,704	(512)	1,850	1,705	(31,675)	6,660	(47,662)	(6,494)
Cash and investments - ending	\$ 5,072,425	\$ 5,408	\$ 24,446	\$ 17,201	\$ 65,134	\$ 37,903	\$ 701,376	\$ 3,127,672

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Cumulative Capital Development	Drug Free Community	Economic Development Fee	Emergency Planning/Right To Know	Emergency Telephone System	Extradition	Firearms Training	General Drain Improvement
Cash and investments - beginning	\$ 4,767,067	\$ 79,674	\$ 3,600	\$ 43,138	\$ 711,044	\$ 3,000	\$ 71,273	\$ -
Receipts:								
Taxes	500,730	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	43,358	-
Intergovernmental	60,673	-	-	7,085	-	-	-	-
Charges for services	-	-	4,400	-	128,462	-	-	-
Fines and forfeits	-	42,276	-	-	-	250	-	-
Other receipts	255,265	-	-	-	31	1,441	-	1,000,000
Total receipts	816,668	42,276	4,400	7,085	128,493	1,691	43,358	1,000,000
Disbursements:								
Personal services	-	-	-	-	13,465	-	-	-
Supplies	-	737	-	-	-	-	26,532	722
Other services and charges	22,450	2,046	-	2,803	150,229	4,614	-	12,500
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	198,541	23,420	-	2,870	155,371	-	20,982	-
Other disbursements	1,000,000	50,109	7,750	-	520,472	-	-	-
Total disbursements	1,220,991	76,312	7,750	5,673	839,537	4,614	47,514	13,222
Excess (deficiency) of receipts over disbursements	(404,323)	(34,036)	(3,350)	1,412	(711,044)	(2,923)	(4,156)	986,778
Cash and investments - ending	\$ 4,362,744	\$ 45,638	\$ 250	\$ 44,550	\$ -	\$ 77	\$ 67,117	\$ 986,778

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Health	Identification Security Protection	Levy Excess	Local Health Maintenance	Local Road and Street	LOIT Public Safety - County Share	Misdemeanant	Motor Vehicle Highway
Cash and investments - beginning	\$ 130,200	\$ 97,823	\$ -	\$ 54,841	\$ 1,542,145	\$ 4,395,001	\$ 288	\$ 294,885
Receipts:								
Taxes	322,956	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	41,632	-	114,846	48,170	1,144,773	1,857,956	42,248	2,396,599
Charges for services	98,129	7,137	-	2,465	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	2,663	-	-	-	600	183,333	-	52,646
Total receipts	<u>465,380</u>	<u>7,137</u>	<u>114,846</u>	<u>50,635</u>	<u>1,145,373</u>	<u>2,041,289</u>	<u>42,248</u>	<u>2,449,245</u>
Disbursements:								
Personal services	454,318	-	-	34,843	-	734,504	-	1,654,769
Supplies	12,542	-	-	3,271	259,875	68,258	10,237	527,028
Other services and charges	23,392	14,148	-	3,129	1,336,827	117,259	32,299	149,796
Debt service - principal and interest	-	-	-	-	-	835,945	-	-
Capital outlay	24,487	5,555	-	-	-	207,376	-	958
Other disbursements	-	-	-	-	-	203,333	-	-
Total disbursements	<u>514,739</u>	<u>19,703</u>	<u>-</u>	<u>41,243</u>	<u>1,596,702</u>	<u>2,166,675</u>	<u>42,536</u>	<u>2,332,551</u>
Excess (deficiency) of receipts over disbursements	<u>(49,359)</u>	<u>(12,566)</u>	<u>114,846</u>	<u>9,392</u>	<u>(451,329)</u>	<u>(125,386)</u>	<u>(288)</u>	<u>116,694</u>
Cash and investments - ending	<u>\$ 80,841</u>	<u>\$ 85,257</u>	<u>\$ 114,846</u>	<u>\$ 64,233</u>	<u>\$ 1,090,816</u>	<u>\$ 4,269,615</u>	<u>\$ -</u>	<u>\$ 411,579</u>

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Plat Book	Rainy Day	Reassessment - 2009	Reassessment - 2015	Recorder's Records Perpetuation	Riverboat	Sex and Violent Offender Administration	Supplemental Public Defender Services
Cash and investments - beginning	\$ 40,875	\$ 6,283,579	\$ 2,167,451	\$ 530,477	\$ 240,132	\$ 1,128,697	\$ 5,212	\$ 231,493
Receipts:								
Taxes	-	-	-	474,065	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	57,442	-	475,070	-	-
Charges for services	16,285	-	-	-	126,843	-	5,164	-
Fines and forfeits	-	-	-	-	-	-	-	77,990
Other receipts	-	2,663	2,883	573	-	751,438	-	-
Total receipts	16,285	2,663	2,883	532,080	126,843	1,226,508	5,164	77,990
Disbursements:								
Personal services	-	-	356,563	-	31,425	-	-	-
Supplies	-	-	3,708	-	1,822	242,500	-	-
Other services and charges	-	432,000	119,206	-	120,986	87,257	4,650	63,000
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	3,446	14,250	-	100	183,900	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	-	435,446	493,727	-	154,333	513,657	4,650	63,000
Excess (deficiency) of receipts over disbursements	16,285	(432,783)	(490,844)	532,080	(27,490)	712,851	514	14,990
Cash and investments - ending	\$ 57,160	\$ 5,850,796	\$ 1,676,607	\$ 1,062,557	\$ 212,642	\$ 1,841,548	\$ 5,726	\$ 246,483

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Surplus Tax	Surveyor's Corner Perpetuation	Tax Sale Redemption	Tax Sale Surplus	Wireless Emergency Telephone System	GAL/CASA	Auditors Ineligible Deductions	County Elected Officials Training
Cash and investments - beginning	\$ 129,560	\$ 73,975	\$ -	\$ 511,623	\$ 715,961	\$ 24,252	\$ -	\$ 2,611
Receipts:								
Taxes	56,559	-	101,250	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	10,198	-	-
Charges for services	-	13,055	-	-	104,434	-	-	7,136
Fines and forfeits	-	-	-	-	-	-	10,424	-
Other receipts	3	-	-	637,196	-	-	-	-
Total receipts	56,562	13,055	101,250	637,196	104,434	10,198	10,424	7,136
Disbursements:								
Personal services	-	-	-	-	-	5,600	-	-
Supplies	-	290	-	-	-	777	-	-
Other services and charges	-	2,761	-	-	-	5,948	423	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	1,012	-	-	-	-	-	-
Other disbursements	125,293	-	101,250	527,282	820,395	-	-	-
Total disbursements	125,293	4,063	101,250	527,282	820,395	12,325	423	-
Excess (deficiency) of receipts over disbursements	(68,731)	8,992	-	109,914	(715,961)	(2,127)	10,001	7,136
Cash and investments - ending	\$ 60,829	\$ 82,967	\$ -	\$ 621,537	\$ -	\$ 22,125	\$ 10,001	\$ 9,747

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Statewide 911	Supplemental Adult Probation Services	Supplemental Juvenile Probation Services	Self Insurance	Payroll Clearing	Payroll Withholding - PERF	Payroll Withholding - Sheriff Pension	Settlement
Cash and investments - beginning	\$ -	\$ 788,390	\$ 46,268	\$ 266,381	\$ -	\$ -	\$ -	\$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	49,675,885
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	298,170	205,720	18,527	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	1,340,867	-	-	2,365,354	10,213,297	947,271	36,649	-
Total receipts	1,639,037	205,720	18,527	2,365,354	10,213,297	947,271	36,649	49,675,885
Disbursements:								
Personal services	13,997	301,291	47,816	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	220,281	33,101	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	42,698	-	-	-	-	-	-	-
Other disbursements	-	1,060	-	1,857,380	10,213,297	947,271	36,649	49,675,885
Total disbursements	276,976	335,452	47,816	1,857,380	10,213,297	947,271	36,649	49,675,885
Excess (deficiency) of receipts over disbursements	1,362,061	(129,732)	(29,289)	507,974	-	-	-	-
Cash and investments - ending	\$ 1,362,061	\$ 658,658	\$ 16,979	\$ 774,355	\$ -	\$ -	\$ -	\$ -

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	CVET Agency	Financial Institution Tax	CEDIT Homestead Credit	HEA 1001 State Homestead Credit	Homestead Credit Rebate	LOIT PTRC	State Fines and Forfeitures	Infraction Judgements
Cash and investments - beginning	\$ -	\$ -	\$ 16,085	\$ (3,554)	\$ 22,660	\$ 574,363	\$ 2,723	\$ 10,588
Receipts:								
Taxes	-	-	991,342	-	-	14,164,085	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	276,167	191,885	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	11,443	159,336
Other receipts	-	-	-	-	-	-	-	-
Total receipts	<u>276,167</u>	<u>191,885</u>	<u>991,342</u>	<u>-</u>	<u>-</u>	<u>14,164,085</u>	<u>11,443</u>	<u>159,336</u>
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	276,167	191,885	844,712	6	22,660	12,372,257	12,756	157,721
Total disbursements	<u>276,167</u>	<u>191,885</u>	<u>844,712</u>	<u>6</u>	<u>22,660</u>	<u>12,372,257</u>	<u>12,756</u>	<u>157,721</u>
Excess (deficiency) of receipts over disbursements	-	-	146,630	(6)	(22,660)	1,791,828	(1,313)	1,615
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 162,715</u>	<u>\$ (3,560)</u>	<u>\$ -</u>	<u>\$ 2,366,191</u>	<u>\$ 1,410</u>	<u>\$ 12,203</u>

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Overweight Vehicle Fines	Special Death Benefit	Sales Disclosure - State Share	Coroners Training & Con't Education	Interstate Compact - State Share	Mortgage Recording Fees - State Share	DLGF Homestead Property Database	Sex and Violent Offender Admin - State
Cash and investments - beginning	\$ -	\$ 430	\$ 550	\$ 322	\$ -	\$ 688	\$ -	\$ 30
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	93	6,055	6,660	4,604	313	8,123	10	571
Other receipts	-	-	-	-	125	-	-	-
Total receipts	93	6,055	6,660	4,604	438	8,123	10	571
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	-	5,800	6,600	4,632	375	7,968	9	568
Total disbursements	-	5,800	6,600	4,632	375	7,968	9	568
Excess (deficiency) of receipts over disbursements	93	255	60	(28)	63	155	1	3
Cash and investments - ending	\$ 93	\$ 685	\$ 610	\$ 294	\$ 63	\$ 843	\$ 1	\$ 33

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Child Restraint Violations Fines	Inheritance Tax	Education Plate Fees Agency	Riverboat Revenue Sharing	CAGIT Distribution	CEDIT Distribution	93.563 Prosecutor PCA	93.563 Title IV-D ARRA
Cash and investments - beginning	\$ 75	\$ 248,451	\$ -	\$ -	\$ -	\$ -	\$ 1,650	\$ 28,695
Receipts:								
Taxes	-	-	-	-	14,138,084	2,832,415	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	839,567	1,088	408,123	-	-	-	-
Charges for services	-	-	-	-	-	-	1,927	-
Fines and forfeits	1,234	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	1,234	839,567	1,088	408,123	14,138,084	2,832,415	1,927	-
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	6,650
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	1,284	981,382	1,088	408,123	14,138,084	2,832,415	1,156	-
Total disbursements	1,284	981,382	1,088	408,123	14,138,084	2,832,415	1,156	6,650
Excess (deficiency) of receipts over disbursements	(50)	(141,815)	-	-	-	-	771	(6,650)
Cash and investments - ending	\$ 25	\$ 106,636	\$ -	\$ -	\$ -	\$ -	\$ 2,421	\$ 22,045

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	93.563 ARRA Prosecutor IV-D Incentive	93.563 ARRA Clerk IV-D Incentive	93.563 Title IV-D Incentive	93.563 Prosecutor IV-D Incentive-Post Oct '99	93.563 Clerk IV-D Incentive-Post Oct '99	Clerk's Child Support	Clerk's Interest Trust	Clerk's Bonds
Cash and investments - beginning	\$ 12,963	\$ 1,789	\$ 46,466	\$ 133,221	\$ 31,390	\$ 18,686	\$ 169,859	\$ 464,173
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	30,681	46,169	18,689	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	1,572,289	34,660	588,513
Total receipts	-	-	30,681	46,169	18,689	1,572,289	34,660	588,513
Disbursements:								
Personal services	5,946	-	38	52,853	10,163	-	-	-
Supplies	-	-	-	2,287	-	-	-	-
Other services and charges	-	-	-	2,929	2,541	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	7,018	-	-	1,538	-	-	-	-
Other disbursements	-	-	-	-	-	1,562,414	35,532	511,604
Total disbursements	12,964	-	38	59,607	12,704	1,562,414	35,532	511,604
Excess (deficiency) of receipts over disbursements	(12,964)	-	30,643	(13,438)	5,985	9,875	(872)	76,909
Cash and investments - ending	\$ (1)	\$ 1,789	\$ 77,109	\$ 119,783	\$ 37,375	\$ 28,561	\$ 168,987	\$ 541,082

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Jury User Fee	ADAPT	Co Law Enforce Continuing Ed	Law Enforcement Co User Fee	Pretrial Div-Traffic	Pretrial Div-Check	Administration Fees	Comm Corr Proj Income 11-12
Cash and investments - beginning	\$ 3,927	\$ 85,189	\$ 1,239	\$ 8,980	\$ 140,105	\$ 16,368	\$ 49,733	\$ 353,773
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	39,069	-	-	-	-	38,423	70,081
Fines and forfeits	12,477	-	2,300	2,400	171,253	3,569	-	-
Other receipts	524	-	-	-	-	-	-	-
Total receipts	13,001	39,069	2,300	2,400	171,253	3,569	38,423	70,081
Disbursements:								
Personal services	-	3,079	-	-	131,467	3,580	-	64,728
Supplies	-	2,462	-	-	-	-	-	68
Other services and charges	-	6,089	-	-	1,839	-	-	25,790
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	36
Other disbursements	5,324	-	-	80	58,684	1,785	55,729	333,232
Total disbursements	5,324	11,630	-	80	191,990	5,365	55,729	423,854
Excess (deficiency) of receipts over disbursements	7,677	27,439	2,300	2,320	(20,737)	(1,796)	(17,306)	(353,773)
Cash and investments - ending	\$ 11,604	\$ 112,628	\$ 3,539	\$ 11,300	\$ 119,368	\$ 14,572	\$ 32,427	\$ -

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Comm Corr Proj Income 12-13	K-9 Donations	EMA Donations	CASA Donations	Jail Bond Proceeds	Special Probation Programs	Local Health Dept Trust	Flood Homes Demolition
Cash and investments - beginning	\$ -	\$ 150	\$ 761	\$ 1,021	\$ 1,362	\$ 130	\$ 14,532	\$ 25,182
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	32,101	-
Charges for services	52,981	-	-	-	-	9,486	100	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	333,232	61	819	-	-	-	16,509	98,965
Total receipts	386,213	61	819	-	-	9,486	48,710	98,965
Disbursements:								
Personal services	27,543	-	-	-	-	-	12,023	-
Supplies	-	-	-	-	-	897	679	-
Other services and charges	17,940	-	-	-	500	2,780	279	71,472
Debt service - principal and interest	-	-	-	-	862	-	-	-
Capital outlay	507	-	1,230	-	-	-	-	-
Other disbursements	106	-	-	-	-	-	-	-
Total disbursements	46,096	-	1,230	-	1,362	3,677	12,981	71,472
Excess (deficiency) of receipts over disbursements	340,117	61	(411)	-	(1,362)	5,809	35,729	27,493
Cash and investments - ending	\$ 340,117	\$ 211	\$ 350	\$ 1,021	\$ -	\$ 5,939	\$ 50,261	\$ 52,675

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Mo Co Partner Water Quality	Work Release Intake Fee	Law Enforcement Fund	Federal Forfeited Property	Boot Camp Fees	Co Offender Transportation	Local Health Dept Tr	United Way
Cash and investments - beginning	\$ 9,230	\$ 2,775	\$ 69,920	\$ 1,919	\$ 2,664	\$ 125	\$ 30,236	\$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	4,350	-	-	-	313	400	-
Fines and forfeits	-	-	1,994	28,199	-	-	-	-
Other receipts	10,925	-	7,123	-	-	-	-	1,612
Total receipts	10,925	4,350	9,117	28,199	-	313	400	1,612
Disbursements:								
Personal services	-	-	-	-	-	-	10,887	-
Supplies	1,594	-	1,864	-	-	-	2,686	-
Other services and charges	3,789	-	4,616	-	-	-	554	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	16,983	5,165	-	-	-	-
Other disbursements	-	-	786	-	2,664	-	16,509	1,612
Total disbursements	5,383	-	24,249	5,165	2,664	-	30,636	1,612
Excess (deficiency) of receipts over disbursements	5,542	4,350	(15,132)	23,034	(2,664)	313	(30,236)	-
Cash and investments - ending	\$ 14,772	\$ 7,125	\$ 54,788	\$ 24,953	\$ -	\$ 438	\$ -	\$ -

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	Insurance Group Trust	Life Insurance	Dental & Vision	AFLAC	Vol PERF Contributions	Sur Tax	Wheel Tax	LOIT Prop Tax Oper Levies Rep
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 3,473	\$ -	\$ -	\$ 395	\$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	2,827,616
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	659,552	118,407	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	485,788	52,866	75,180	49,023	29,345	-	-	-
Total receipts	485,788	52,866	75,180	49,023	29,345	659,552	118,407	2,827,616
Disbursements:								
Personal services	-	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-
Other disbursements	485,788	52,866	75,180	48,363	29,345	659,552	116,552	2,628,896
Total disbursements	485,788	52,866	75,180	48,363	29,345	659,552	116,552	2,628,896
Excess (deficiency) of receipts over disbursements	-	-	-	660	-	-	1,855	198,720
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 4,133	\$ -	\$ -	\$ 2,250	\$ 198,720

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	LOIT Public Safety	LOIT Stabilization	16.607 Bullet Proof Vest	20.219 Recreational Trls Prg	93.069 Bioterror Base 11-12	14.228 CDBG-Primary	14.228 CDBG-Henderson	14.228 CDBG-Old Town Waverly
Cash and investments - beginning	\$ -	\$ 3,594,293	\$ (16,939)	\$ (918)	\$ (7,604)	\$ (115,821)	\$ (2,965)	\$ 76,890
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	3,534,521	-	17,788	39,564	10,974	114,870	4,273	170,598
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	30
Total receipts	3,534,521	-	17,788	39,564	10,974	114,870	4,273	170,628
Disbursements:								
Personal services	-	-	-	-	2,647	328	-	-
Supplies	-	-	849	-	497	-	-	-
Other services and charges	-	-	-	38,646	226	48,498	1,308	8,746
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	33,975
Other disbursements	3,534,521	740,465	-	-	-	-	-	250,000
Total disbursements	3,534,521	740,465	849	38,646	3,370	48,826	1,308	292,721
Excess (deficiency) of receipts over disbursements	-	(740,465)	16,939	918	7,604	66,044	2,965	(122,093)
Cash and investments - ending	\$ -	\$ 2,853,828	\$ -	\$ -	\$ -	\$ (49,777)	\$ -	\$ (45,203)

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	20.600 Operation Pullvoer	14.228 OCRA-Wildwood Dam	14.228 OCRA-Lake Edgewood Dam	97.042 EMP Competitive	20.205 Brooklyn Pedest Bridge	93.069 Bioterror CRI 11-12	97.039 HAZ MIT-Primary	97.039 HAZ MIT-Henderson
Cash and investments - beginning	\$ 247	\$ -	\$ -	\$ -	\$ 47,964	\$ (3,943)	\$ 65,164	\$ 3,248
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	11,250	193,452	869,458	7,667	13,686	23,590	43,322	675
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	<u>11,250</u>	<u>193,452</u>	<u>869,458</u>	<u>7,667</u>	<u>13,686</u>	<u>23,590</u>	<u>43,322</u>	<u>675</u>
Disbursements:								
Personal services	14,820	-	-	-	-	19,647	7,874	-
Supplies	-	-	-	-	-	-	-	-
Other services and charges	-	15,599	10,650	-	-	-	100,612	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	177,853	858,808	7,667	17,858	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	<u>14,820</u>	<u>193,452</u>	<u>869,458</u>	<u>7,667</u>	<u>17,858</u>	<u>19,647</u>	<u>108,486</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(3,570)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,172)</u>	<u>3,943</u>	<u>(65,164)</u>	<u>675</u>
Cash and investments - ending	<u><u>\$ (3,323)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 43,792</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,923</u></u>

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	97.039 HAZ MIT-Old Town Waverly	16.588 STOP Viol Ag Wo 11-12	16.575 VOCA 11-12	14.228 CDBG-Hart Lake	16.588 STOP Viol Ag Wo 12-13	93.074 Bioterror Base 12-13	97.039 HAZ MIT-2010 Waverly	14.228 CDBG-2010 Waverly
Cash and investments - beginning	\$ 699,767	\$ (7,350)	\$ (6,323)	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:								
Taxes	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Intergovernmental	127,824	15,254	33,427	40,000	2,838	8,184	1,894	-
Charges for services	-	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-	-
Other receipts	91	-	-	-	-	-	-	-
Total receipts	<u>127,915</u>	<u>15,254</u>	<u>33,427</u>	<u>40,000</u>	<u>2,838</u>	<u>8,184</u>	<u>1,894</u>	<u>-</u>
Disbursements:								
Personal services	-	7,904	27,104	-	3,405	13,793	-	-
Supplies	-	-	-	-	-	499	-	-
Other services and charges	26,237	-	-	40,000	-	-	8,227	2,742
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	101,925	-	-	-	-	-	196,420	65,473
Other disbursements	750,000	-	-	-	-	-	-	-
Total disbursements	<u>878,162</u>	<u>7,904</u>	<u>27,104</u>	<u>40,000</u>	<u>3,405</u>	<u>14,292</u>	<u>204,647</u>	<u>68,215</u>
Excess (deficiency) of receipts over disbursements	<u>(750,247)</u>	<u>7,350</u>	<u>6,323</u>	<u>-</u>	<u>(567)</u>	<u>(6,108)</u>	<u>(202,753)</u>	<u>(68,215)</u>
Cash and investments - ending	<u>\$ (50,480)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (567)</u>	<u>\$ (6,108)</u>	<u>\$ (202,753)</u>	<u>\$ (68,215)</u>

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2012  
 (Continued)

	16.575 VOCA 12-13	93.074 Bioterror CRI 12-13	Comm Corr Grant 11-12	Interpreter Grant	CTP Grant 11-12	Comm Corr Grant 12-13	CTP Grant 12-13	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 17,684	\$ 3,090	\$ 710	\$ -	\$ -	\$ 45,834,260
Receipts:								
Taxes	-	-	-	-	-	-	-	99,380,737
Licenses and permits	-	-	-	-	-	-	-	116,697
Intergovernmental	-	-	94,895	-	3,350	122,008	3,200	16,412,302
Charges for services	-	-	-	-	-	-	-	1,720,526
Fines and forfeits	-	-	-	-	-	-	-	1,045,220
Other receipts	-	-	-	-	-	-	-	27,893,293
Total receipts	-	-	94,895	-	3,350	122,008	3,200	146,568,775
Disbursements:								
Personal services	7,161	-	83,209	-	-	101,350	-	14,081,219
Supplies	-	1,119	2,912	-	-	1,943	-	2,140,418
Other services and charges	-	90	20,764	-	4,060	2,828	3,200	6,590,276
Debt service - principal and interest	-	-	-	-	-	-	-	836,807
Capital outlay	-	1,440	-	-	-	-	-	2,971,615
Other disbursements	-	-	-	-	-	-	-	117,295,170
Total disbursements	7,161	2,649	106,885	-	4,060	106,121	3,200	143,915,505
Excess (deficiency) of receipts over disbursements	(7,161)	(2,649)	(11,990)	-	(710)	15,887	-	2,653,270
Cash and investments - ending	\$ (7,161)	\$ (2,649)	\$ 5,694	\$ 3,090	\$ -	\$ 15,887	\$ -	\$ 48,487,530

MORGAN COUNTY  
SCHEDULE OF PAYABLES AND RECEIVABLES  
December 31, 2012

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 686,815</u>	<u>\$ 439,798</u>

MORGAN COUNTY  
SCHEDULE OF LEASES AND DEBT  
December 31, 2012

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Caterpillar Financial Services Corp	2012 Caterpillar Wheel Loader	\$ 46,954	05-04-12	05-04-16
Deere Credit Inc	2010 John Deere Skid Steer Loader & 2011 Bucket	5,987	11-18-10	11-04-14
Kansas State Bank	3100 XL Motor Grader Excavator	45,727	02-05-07	01-25-12
PACCAR Financial	2 2009 Kenworths 13' Dump Trucks	45,115	03-07-08	03-07-12
PACCAR Financial	2 2011 Kenworths 10' Dump Trucks	45,035	02-19-10	02-19-14
PACCAR Financial	2 2009 Kenworths 13' Dump Trucks	45,115	02-27-08	02-27-12
PACCAR Financial	2 2011 Kenworths 10' Dump Trucks	<u>45,035</u>	02-12-10	02-12-14
Total governmental activities		<u>278,968</u>		
Total of annual lease payments		<u>\$ 278,968</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Revenue bonds	Jail Expansion & Work Release	\$ 5,475,000	\$ 840,808
Totals		<u>\$ 5,475,000</u>	<u>\$ 840,808</u>

MORGAN COUNTY  
 SCHEDULE OF CAPITAL ASSETS  
 December 31, 2012

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

	Ending Balance
Governmental activities:	
Land	\$ 4,480,901
Infrastructure	46,047,890
Buildings	26,297,970
Machinery, equipment, and vehicles	7,708,788
Books and other	2,778,531
Total governmental activities	87,314,080
Total capital assets	\$ 87,314,080

MORGAN COUNTY  
OTHER REPORT

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

County Auditor

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](http://www.in.gov/sboa)

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

TO: THE OFFICIALS OF MORGAN COUNTY, INDIANA

***Report on Compliance for Each Major Federal Program***

We have audited Morgan County's (County) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2012-2. Our opinion on each major federal program is not modified with respect to these matters.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(Continued)

The County's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

***Report on Internal Control Over Compliance***

Management of the County is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2012-2 to be material weaknesses.

The County's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Bruce Hartman  
State Examiner

August 7, 2013

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#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying note presented were approved by management of the County. The schedule and note are presented as intended by the County.

MORGAN COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2012

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>Department of Housing and Urban Development</u>				
CDBG - State-Administered CDBG Cluster				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Indiana Office of Community and Rural Affairs	14.228	DR1B-09-012	\$ 869,458
OCRA Lake Edgewood Conservancy		14.228	DR1B-09-015	193,451
OCRA Wildwood Dam				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Indiana Housing & Community Development Authority	14.228	DR1HB-009-009	114,870
CDBG - Primary		14.228	DR1HB-009-010	170,597
CDBG - Old Town Waverly		14.228	DR1HB-009-012	4,273
CDBG - Henderson				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Indiana Office of Community and Rural Affairs	14.228	PL-10-017	40,000
CDBG - Hart Lake Planning				
Total - CDBG - State-Administered CDBG Cluster				<u>1,392,649</u>
Total - Department of Housing and Urban Development				<u>1,392,649</u>
<u>Department of the Interior</u>				
Partners for Fish and Wildlife	Direct	15.631	Year 2012	6,635
Total - Department of the Interior				<u>6,635</u>
<u>Department of Justice</u>				
Crime Victim Assistance	Indiana Criminal Justice Institute			
Victim Assistance 10/11-9/12		16.575	11VAPR159	33,427
Total - Crime Victim Assistance				<u>33,427</u>
Violence Against Women Formula Grants	Indiana Criminal Justice Institute			
Stop Violence Against Women 11/12		16.588	11STPR059	15,254
Stop Violence Against Women 12/13		16.588	12STPR019	2,837
Total - Violence Against Women Formula Grants				<u>18,091</u>
Bulletproof Vest Partnership Program	Direct			
Bullet Proof Vest		16.607	2012	17,788
Total - Department of Justice				<u>69,306</u>
<u>Department of Transportation</u>				
Highway Planning and Construction Cluster				
Highway Planning and Construction	Indiana Department of Transportation			
Brooklyn Pedestrian Bridge		20.205	A249-09-320650	13,686
Blue Bluff Bridge #57		20.205	A249-09-320927	18,370
Bridge Inventory		20.205	A249-09-321196	32,352
Fed Sign Inventory/Replacement		20.205	A249-11-320872	218,250
Total - Highway Planning & Construction				<u>282,658</u>
Recreational Trails Program	Indiana Department of Natural Resources			
Recreational Trails Program		20.219	E10-9-503	39,564
Total - Highway Planning and Construction Cluster				<u>322,222</u>
Highway Safety Cluster				
Safety Belt Performance Grants	Indiana Criminal Justice Institute			
Operation Pull Over 10/11-9/12		20.609	OP-12-04-02-60	11,497
Total - Highway Safety Cluster				<u>11,497</u>
Interagency Hazardous Materials Public Sector Training & Planning Grants	Indiana Department of Homeland Security			
HMEP 2012 (LEPC)		20.703	C44P-2-249A	2,296
Total - Department of Transportation				<u>336,015</u>

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

MORGAN COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2012  
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<b>Department of Health and Human Services</b>				
Public Health Emergency Preparedness	Indiana State Department of Health			
Bioterrorism Base 8/11-8/12		93.069	A70-2-0531808	10,974
Bioterrorism CRI 8/11-8/12		93.069	A70-2-0531884	23,590
Total - Public Health Emergency Preparedness				<u>34,564</u>
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	Indiana State Department of Health			
Bioterrorism Base 8/12-6/13		93.074	A70-3-0531964	8,184
Child Support Enforcement	Indiana Department of Child Services			
Title IV-D Reimb Prosecutor Expenditures		93.563	Year 2012	199,068
Title IV-D Reimb Clerk Expenditures		93.563	Year 2012	66,292
Title IV-D Reimb Clerk Expenditures		93.563	Year 2012	1,927
Indirect Cost		93.563	Year 2012	180,827
Title IV-D Clerk Incentive		93.563	Year 2012	12,703
Title IV-D Prosecutor Incentive		93.563	Year 2012	59,608
Title IV-D County Incentive		93.563	Year 2012	38
Total - Child Support Enforcement				<u>520,463</u>
Total - Department of Health and Human Services				<u>563,211</u>
<b>Department of Homeland Security</b>				
Hazard Mitigation Grant	Indiana Department of Homeland Security			
Hazard Mitigation Primary		97.039	C44P-0179A	43,322
Hazard Mitigation Henderson		97.039	C44-P-1-041A	675
Hazard Mitigation Old Town Waverly		97.039	C44P-2-019A	127,824
Hazard Mitigation 2010 Waverly		97.039	C44P-2-274A	1,894
Total - Hazard Mitigation Grant				<u>173,715</u>
Emergency Management Performance Grants	Indiana Department of Homeland Security			
EMPG Competitive 2011		97.042	C44P-2-112A	3,623
EMPG Salaries 2011		97.042	C44P-2-360A	20,238
EMPG Competitive 2011		97.042	C44P-3-036B	4,044
Total - Emergency Management Performance Grants				<u>27,905</u>
Total - Department of Homeland Security				<u>201,620</u>
<b>Total federal awards expended</b>				<u><u>\$ 2,569,436</u></u>

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

MORGAN COUNTY  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

***Basis of Presentation***

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Morgan County and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

MORGAN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I – Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	none reported
Significant deficiencies identified?	yes
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
93.563	CDBG – State Administered - CDBG Cluster Child Support Enforcement

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

Auditee qualified as low-risk auditee? no

**Section II – Financial Statement Finding**

**FINDING 2012-1 - INTERNAL CONTROLS OVER APPROVAL OF PAYROLL CLAIMS**

We noted a deficiency in the internal control system of the County related to payroll. The County has not separated incompatible activities related to payroll and related liabilities. The failure to establish these controls could enable material misstatements or irregularities to remain undetected. The County's payroll processing is handled primarily by one staff person in the County Auditor's office. Payroll claims are not approved by the Board of County Commissioners as required by Indiana Code 36-2-6-4. Supporting documentation for these payments is retained in the payroll files; however, there is no documentation a review is done by another employee or of other compensating controls.

Effective internal control over financial reporting involves the identification and analysis of the risks of material misstatement to the County's audited financial statements and then determining how those identified risks should be managed.

MORGAN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objections, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Counties of Indiana, Chapter 1)

***Section III – Federal Award Finding and Questioned Costs***

***FINDING 2012-2 - ALLOWABLE COSTS/COST PRINCIPLES***

Federal Agency: Department of Health and Human Services  
Federal Program: Child Support Enforcement  
CFDA Number: 93.563  
Federal Award Number and Year: Calendar 2012 Child Support Expenditures  
Pass-Through Entity: Indiana Department of Child Services

Management of the County has not established an effective internal control system over compliance requirements relating to allowable costs/cost principles. The failure to establish an effective internal control system places the County at risk of noncompliance with the grant agreement and the compliance requirements.

The County was required to maintain time and effort reports on all full and part time employees paid from the grant. The Indiana Department of Child Services has a report titled "Record of Monthly Time, State Form 45272 (3-92)/DFC Form 918." This form provides a space for employees to enter hours worked each day during the month and then place for them to sign that the time reported represents only Title IV-D work and is true and correct. The Clerk's office presented this report for the months tested, but were not signed by the employee or supervisory official. The Prosecutor's office did not maintain this report.

OMB Circular A-87, Attachment B, item 8h, states in part:

- "(3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.
- (4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency."

MORGAN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

Noncompliance of the grant agreement or the allowable cost/cost principles requirements could result in the loss of federal funds to the County.

We recommended that the County's management establish controls to ensure allowable costs/cost principle requirements are complied with.

**BRENDA ADAMS**  
**AUDITOR OF MORGAN COUNTY**

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180 South Main Street, Suite 104  
Martinsville, IN 46151  
(765) 342-1001  
Fax: (765) 342-1015

**MORGAN COUNTY**  
**CORRECTIVE ACTION PLAN**

August 5, 2013

To: State Board of Accounts

Re: Approval of Payroll Claims

Section II - Finding 2012-1

The Morgan County Commissioners and the Morgan County Auditor plan to address and correct a deficiency in the internal Controls over the approval of Payroll Claims. We have implemented incorporating the payroll docket to the Commissioners Claims approval process at their regularly scheduled meetings.

Sincerely,



Brenda Adams  
Morgan County Auditor

# Office of Prosecuting Attorney Child Support Division

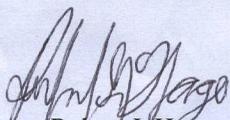
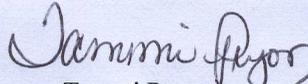
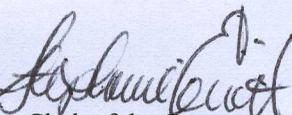
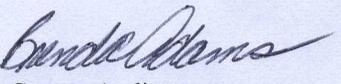
August 7, 2013

Re: Corrective Action Plan for IV-D (Child Support)  
Federal Award Findings  
Finding 2012-2 Allowable Cost/Cost Principles  
Federal Agency: Department of Health and Human Services  
Federal Program: Child Support Enforcement  
CFDA Number: 93-563  
Federal Award Number and Year: Calendar 2012 Juvenile Court Expenditures  
Pass-Through Entity: Indiana Department of Child Services

To Whom It May Concern:

The Child Support Office has been advised that a form, a record of monthly time (believed to be State Form 45272/FM0918), has not been kept and maintained as the result of an audit by the Indiana State Board of Accounts. The IV-D office will correct this deficiency by preparing and keeping said report as part of its records. This form is essentially a recompilation of payroll records already kept and sent to the County Auditor each payroll period. Said payroll forms are signed and certified as true by the employee and office holder. The form that has not been kept is a recompilation and duplicate of records already kept and is different only in that the payroll is on one form with a different form number and has a certification about IV-D activities. The employees certify that the hours worked were on Title IV-D – Child Support Activities.

Sincerely,

			
Robert J. Hagee Deputy Prosecutor Morgan County, Indiana 8/7/13	Tammi Pryor IV-D Administrator 8/7/13	Clerk of the Courts Stephanie Elliott 8/7/13	County Auditor Brenda Adams

Robert J. Hagee, Deputy Prosecutor, Attorney No. 8349-55  
Sara A. Chamness, Deputy Prosecutor, Attorney No. 24827-30  
Tammi J. Pryor, Office Administrator/Caseworker  
Ruth M. Williams, Caseworker  
Marla K. Jobses, Paternity Caseworker  
Amy Hamilton, Caseworker  
Telephone: (765) 342-0086  
Facsimile: (765) 342-1107

MORGAN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 7, 2013, with Brenda Adams, Auditor; Kenneth L. Hale, President of County Council; and Norman Volyes, President of the Board of County Commissioners.