

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

ANNUAL FINANCIAL REPORT

2004

MORGAN COUNTY, INDIANA



FILED

09/28/2006

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Mae Cooper Brenda Adams	01-01-03 to 12-31-05 01-01-06 to 12-31-06
Treasurer	Dena Burkett	01-01-03 to 12-31-08
Clerk	Vicki Kivett	01-01-03 to 12-31-06
Sheriff	Robert Gardner	01-01-03 to 12-31-06
Recorder	Karen Brummett	01-01-01 to 12-31-08
President of the Board of County Commissioners	Norman Voyles	01-01-04 to 12-31-06
President of the County Council	Samuel Carlisle	01-01-04 to 12-31-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF 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, 2004, 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, 2004, 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 15, 2006, 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 a required part of the basic financial statements. The Combining Schedules, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of 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 them.

STATE BOARD OF ACCOUNTS

June 15, 2006



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING 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 Morgan County (County), as of and for the year ended December 31, 2004, and have issued our report thereon dated June 15, 2006. The opinion to the financial statements was qualified due to the omission of information 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.

Compliance

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 grants, 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

STATE BOARD OF ACCOUNTS

June 15, 2006

MORGAN COUNTY
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2004

Functions/Programs	Program Receipts				Net (Disbursement) Receipt and Changes in Net Assets	
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Total
Primary government:						
Governmental activities:						
General government	\$ 8,453,307	\$ 2,530,735	\$ 702,417	\$ -	\$ (5,220,155)	\$ (5,220,155)
Public safety	7,685,551	1,978,233	862,336	-	(4,844,982)	(4,844,982)
Highways and streets	5,337,721	-	3,547,161	-	(1,790,560)	(1,790,560)
Health and welfare	543,282	97,123	373,270	-	(72,889)	(72,889)
Sanitation	-	-	12,500	-	12,500	12,500
Culture and recreation	-	-	11,000	-	11,000	11,000
	-	-	11,000	-	11,000	11,000
Total primary government	\$ 22,019,861	\$ 4,606,091	\$ 5,508,684	\$ -	(11,905,086)	(11,905,086)
General receipts:						
Property taxes					6,808,501	6,808,501
Other local sources					5,003,844	5,003,844
Unrestricted investment earnings					484,863	484,863
					12,297,208	12,297,208
Total general receipts					12,297,208	12,297,208
Change in net assets					392,122	392,122
Net assets - beginning					22,075,198	22,075,198
Net assets - ending					\$ 22,467,320	\$ 22,467,320
 <u>Assets</u>						
Cash and investments					\$ 2,145,630	\$ 2,145,630
Restricted assets:						
Cash and investments					20,321,690	20,321,690
					22,467,320	22,467,320
Total assets					\$ 22,467,320	\$ 22,467,320
 <u>Net Assets</u>						
Restricted for:						
Highways and streets					\$ 1,115,610	\$ 1,115,610
Public safety					2,950,031	2,950,031
Health and welfare					245,246	245,246
Capital outlay					10,863,340	10,863,340
Other purposes					5,147,463	5,147,463
Unrestricted					2,145,630	2,145,630
Total net assets					\$ 22,467,320	\$ 22,467,320

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, 2004

	General	County Highway	Property Reassessment	Cumulative Bridge	Cumulative Capital Development	Cumulative County Buildings	Other Governmental Funds	Totals
Receipts:								
Taxes	\$ 7,746,484	\$ -	\$ 275,404	\$ 1,081,946	\$ 576,101	\$ 269,784	\$ 474,931	\$ 10,424,650
Licenses and permits	-	-	-	-	-	-	97,123	97,123
Intergovernmental	910,156	2,590,729	52,213	270,922	109,220	51,146	2,567,842	6,552,228
Charges for services	534,974	-	-	-	-	-	947,655	1,482,629
Fines and forfeits	350,029	-	-	-	-	-	418,979	769,008
Other	872,676	27,992	39,786	42,667	69,733	34,445	740,286	1,827,585
Total receipts	10,414,319	2,618,721	367,403	1,395,535	755,054	355,375	5,246,816	21,153,223
Disbursements:								
General government	5,804,231	-	283,769	-	-	72,177	1,618,047	7,778,224
Public safety	5,121,034	-	-	-	-	-	2,121,061	7,242,095
Highways and streets	-	2,583,134	-	1,975,993	207,912	-	570,682	5,337,721
Health and welfare	-	-	-	-	-	-	543,282	543,282
Total disbursements	10,925,265	2,583,134	283,769	1,975,993	207,912	72,177	4,853,072	20,901,322
Excess (deficiency) of receipts over disbursements	(510,946)	35,587	83,634	(580,458)	547,142	283,198	393,744	251,901
Other financing sources (uses)								
Transfers in	-	-	-	-	-	-	443,457	443,457
Transfers out	-	-	-	-	-	-	(443,457)	(443,457)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(510,946)	35,587	83,634	(580,458)	547,142	283,198	393,744	251,901
Cash and investment fund balance - beginning	2,656,576	683,281	2,014,409	3,966,556	4,284,572	2,362,330	5,827,470	21,795,194
Cash and investment fund balance - ending	\$ 2,145,630	\$ 718,868	\$ 2,098,043	\$ 3,386,098	\$ 4,831,714	\$ 2,645,528	\$ 6,221,214	22,047,095
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.								
								420,225
Net assets of governmental activities								<u>\$ 22,467,320</u>
Cash and Investment Assets - December 31								
Cash and investments	\$ 2,145,630	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,145,630
Restricted assets:								
Cash and investments	-	718,868	2,098,043	3,386,098	4,831,714	2,645,528	6,221,214	19,901,465
Total cash and investment assets - December 31	\$ 2,145,630	\$ 718,868	\$ 2,098,043	\$ 3,386,098	\$ 4,831,714	\$ 2,645,528	\$ 6,221,214	\$ 22,047,095
Cash and Investment Fund Balance - December 31								
Restricted for:								
Highways and street	\$ -	\$ 718,868	\$ -	\$ -	\$ -	\$ -	\$ 396,202	\$ 1,115,070
Public safety	-	-	-	-	-	-	2,950,031	2,950,031
Health and welfare	-	-	-	-	-	-	245,246	245,246
Capital outlay	-	-	-	3,386,098	4,831,714	2,645,528	-	10,863,340
Other purposes	-	-	2,098,043	-	-	-	2,629,735	4,727,778
Unrestricted	2,145,630	-	-	-	-	-	-	2,145,630
Total cash and investment fund balance - December 31	\$ 2,145,630	\$ 718,868	\$ 2,098,043	\$ 3,386,098	\$ 4,831,714	\$ 2,645,528	\$ 6,221,214	\$ 22,047,095

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

MORGAN COUNTY
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUND
For the Year Ended December 31, 2004

	Internal Service Fund
Operating receipts:	
Other	\$ 1,258,760
Operating disbursements:	
Insurance disbursements	1,118,539
Excess of operating receipts over operating disbursements	140,221
Cash and investment fund balance - beginning	280,004
Cash and investment fund balance - ending	\$ 420,225
<u>Cash and Investment Assets - December 31</u>	
Restricted assets:	
Cash and investments	\$ 420,225
<u>Cash and Investment Fund Balance - December 31</u>	
Restricted for:	
Other purposes	\$ 420,225

MORGAN COUNTY
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2004

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Employer	\$ 303,320	\$ -	\$ -
Plan members	<u>26,354</u>	<u>-</u>	<u>-</u>
Total contributions	329,674	-	-
Investment earnings:			
Net (decrease) in fair value of investments	45,732	-	-
Interest	<u>82,880</u>	<u>-</u>	<u>-</u>
Total investment earnings	<u>128,612</u>	<u>-</u>	<u>-</u>
Agency fund additions	<u>-</u>	<u>-</u>	<u>133,747,575</u>
Total additions	<u>458,286</u>	<u>-</u>	<u>133,747,575</u>
Deductions:			
Benefits	109,424	-	-
Administrative and general	53,344	-	-
Agency fund deductions	<u>-</u>	<u>-</u>	<u>132,400,727</u>
Total deductions	<u>162,768</u>	<u>-</u>	<u>132,400,727</u>
Excess of total additions over total deductions	295,518	-	1,346,848
Cash and investment fund balance - beginning	<u>2,455,226</u>	<u>20,880</u>	<u>2,190,384</u>
Cash and investment fund balance - ending	<u>\$ 2,750,744</u>	<u>\$ 20,880</u>	<u>\$ 3,537,232</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 Units:	Morgan County Memorial Hospital Monroe 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 County Memorial Hospital and Monroe Township Fire Protection District, discretely presented component units have been omitted from these financial statements. Accordingly, the financial statements do not include the data of all of the County's component units necessary to fairly present the financial position of the County.

Related Organizations

The County's officials are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments. The County appoints the board members of the Morgan County Plan Commission, Morgan County Library, Hoosier Heartland RC&D, Harrison Township Fire District, Community Corrections Advisory Board, Local Alcoholic Beverage Board, Mooresville Public Library, West Central Solid Waste District, Economic Development Commission, Economic Development Corporation Board and Morgan County Park and Recreation Board.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

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

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

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.

The cumulative county buildings 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 buildings.

Additionally, the County reports the following fund types:

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

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

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

Agency funds account for assets held by the County as an agent for various county departments and serve as control of accounts for certain cash transactions during the time they are a liability to the County.

MORGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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:

MORGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

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

Fund Financial Statements

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

E. Receipts 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

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.

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.

MORGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Government-Wide Financial Statements

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

1. Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities – Cash and Investment Basis.
2. Primary government and component unit activity and balances – Resource flows between the primary government and the discretely-presented component unit(s) are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

II. Stewardship, Compliance and Accountability

A. Deposits and Investments

State statute (IC 5-13-9) authorizes 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.

The Sheriff's Pension Fund may be invested in commercial paper, corporate bonds, corporate stock and mutual funds.

The County's investments are categorized below to give an indication of the level of risk assumed by the County at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the County or its agent in the County's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the County's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the County's name.

	Category			Reported Amount	Fair Value
	1	2	3		
Corporate Stock	\$ -	\$ 872,432	\$ -	\$ 872,432	\$ 865,956
Corporate Equity Instruments	-	1,621,670	-	1,621,670	1,980,275
Totals	\$ -	\$ 2,494,102	\$ -	\$ 2,494,102	\$ 2,846,231

B. 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.

MORGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

On or before August 31, 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.

III. Detailed Notes on All Funds

Interfund Transfers

Interfund transfers for the year ended December 31, 2004, were as follows:

Transfer From	Transfer To	2004
Other governmental	Other governmental	\$ 443,457

The County typically uses transfers to fund ongoing operating subsidies and to transfer the portion of state-shared revenues from the General Fund to the debt service fund for current-year debt service requirements.

IV. Other Information

A. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters.

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

Medical Benefits to Employees, Retirees and Dependents

The County has chosen to establish a risk financing fund for risks associated with medical benefits to employees. The risk financing fund is accounted for in the Group Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$50,000 per year. Settled claims resulting from this risk did

MORGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

Job Related Illnesses or Injuries to Employees

During 1990, the County joined with other governmental entities in the Indiana Public Employer's Plan, Inc., a public entity risk pool currently operating as a common risk management and insurance program for member governmental entities. This risk pool was formed in 1989. The purpose of the risk pool is to provide a medium for the funding and administration of workers compensation claims. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event.

B. Administration of Welfare Programs

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

C. Pension Plans

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

1. Public Employees' Retirement Fund

Plan Description

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

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

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

MORGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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	\$ 228,165	\$ 278,776	\$ 12,057
Interest on net pension obligation	(17,702)	4,102	-
Adjustment to annual required contribution	20,173	(8,347)	-
Annual pension cost	230,636	274,531	12,057
Contributions made	285,663	291,263	12,057
Decrease in net pension obligation	(55,027)	(16,732)	-
Net pension obligation, beginning of year	(244,171)	58,595	-
Net pension obligation, end of year	\$ (299,198)	\$ 41,863	\$ -

	PERF	County Police Retirement Plan	County Police Benefit Plan
Contribution rates:			
County	5.25%	39%	.07%
Plan members	3%	6%	6%
Actuarial valuation date	07-01-04	01-01-05	01-01-05
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	40 years	40 years	40 years
Amortization period (from date)	07-01-97	12-31-97	12-31-97
Asset valuation method	4 year smoothed market	4 year smoothed market	4 year smoothed market

Actuarial Assumptions

Investment rate of return	7.25%	7%	7%
Projected future salary increases:			
Total	5%	5%	5%
Attributed to inflation	4%	4%	4%
Attributed to merit/seniority	1%	1%	1%
Cost-of-living adjustments	2%	2%	0%

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	06-30-02	\$ 179,408	136%	\$ (280,294)
	06-30-03	292,076	88%	(244,171)
	06-30-04	230,636	124%	(299,198)
County Police Retirement Plan	12-31-02	240,534	91%	85,922
	12-31-03	298,821	107%	58,595
	12-31-04	278,776	105%	41,863

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)
07-01-02	\$ 4,702,196	\$ 5,113,936	\$ (411,740)	92%	\$ 5,098,238	(8%)
07-01-03	4,764,375	4,636,811	127,564	103%	5,324,945	2%
07-01-04	4,867,864	5,182,042	(314,178)	94%	5,891,901	(5%)

County Police Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-00	\$ 1,582,108	\$ 1,796,861	\$ (214,753)	88%	\$ 624,432	(34%)
01-01-01	1,693,217	2,372,422	(679,205)	71%	670,086	(101%)
01-01-02	1,903,887	2,457,377	(553,490)	77%	706,837	(78%)
01-01-03	2,070,873	2,636,009	(565,136)	79%	722,808	(78%)
01-01-04	2,329,358	2,864,102	(534,744)	81%	818,080	(65%)
01-01-05	2,610,094	3,118,033	(507,939)	84%	841,600	(60%)

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, 2004

	Riverboat	County Health	Local Road and Street	Accident Report	Firearms Training	Pretrial Diversion Check	Pretrial Diversion Traffic
Receipts:							
Taxes	\$ -	\$ 252,922	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	97,123	-	-	-	-	-
Intergovernmental	420,524	49,250	634,364	-	-	-	-
Charges for services	-	-	-	5,965	9,060	-	-
Fines and forfeits	-	-	-	-	-	23,250	223,576
Other	-	4,928	-	-	6,436	-	-
Total receipts	420,524	404,223	634,364	5,965	15,496	23,250	223,576
Disbursements:							
General government	156,792	-	-	-	-	-	-
Public safety	-	-	-	2,813	16,242	27,680	134,534
Highways and streets	-	-	570,682	-	-	-	-
Health and welfare	-	457,130	-	-	-	-	-
Total disbursements	156,792	457,130	570,682	2,813	16,242	27,680	134,534
Excess (deficiency) of receipts over disbursements	263,732	(52,907)	63,682	3,152	(746)	(4,430)	89,042
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	263,732	(52,907)	63,682	3,152	(746)	(4,430)	89,042
Cash and investment fund balance - beginning	264,466	186,334	332,520	4,745	11,315	27,123	-
Cash and investment fund balance - ending	\$ 528,198	\$ 133,427	\$ 396,202	\$ 7,897	\$ 10,569	\$ 22,693	\$ 89,042
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash with fiscal agent	-	-	-	-	-	-	-
Restricted assets:							
Cash and investments	528,198	133,427	396,202	7,897	10,569	22,693	89,042
Total cash and investment assets - December 31	\$ 528,198	\$ 133,427	\$ 396,202	\$ 7,897	\$ 10,569	\$ 22,693	\$ 89,042
Cash and Investment Fund Balance - December 31							
Restricted for:							
Highways and streets	\$ -	\$ -	\$ 396,202	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	7,897	10,569	22,693	89,042
Health and welfare	-	133,427	-	-	-	-	-
Other purposes	528,198	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 528,198	\$ 133,427	\$ 396,202	\$ 7,897	\$ 10,569	\$ 22,693	\$ 89,042

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, 2004
 (Continued)

	ADAPT Probation User Fees	Surveyor's Corner Perpetuation	Supplemental Adult Probation Services	Supplemental Juvenile Probation Services	County Extradition	Recorder's Records Perpetuation	County Law Enforcement Continuing Education
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	80,675	19,220	168,992	28,381	-	118,203	-
Fines and forfeits	-	-	-	-	5,842	-	3,630
Other	-	-	-	-	-	-	-
Total receipts	80,675	19,220	168,992	28,381	5,842	118,203	3,630
Disbursements:							
General government	-	4,679	-	-	-	117,285	-
Public safety	169,206	-	123,833	39,750	5,361	-	6,137
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Total disbursements	169,206	4,679	123,833	39,750	5,361	117,285	6,137
Excess (deficiency) of receipts over disbursements	(88,531)	14,541	45,159	(11,369)	481	918	(2,507)
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(88,531)	14,541	45,159	(11,369)	481	918	(2,507)
Cash and investment fund balance - beginning	174,114	34,121	381,569	28,661	875	235,526	5,272
Cash and investment fund balance - ending	<u>\$ 85,583</u>	<u>\$ 48,662</u>	<u>\$ 426,728</u>	<u>\$ 17,292</u>	<u>\$ 1,356</u>	<u>\$ 236,444</u>	<u>\$ 2,765</u>
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash with fiscal agent	-	-	-	-	-	-	-
Restricted assets:							
Cash and investments	85,583	48,662	426,728	17,292	1,356	236,444	2,765
Total cash and investment assets - December 31	<u>\$ 85,583</u>	<u>\$ 48,662</u>	<u>\$ 426,728</u>	<u>\$ 17,292</u>	<u>\$ 1,356</u>	<u>\$ 236,444</u>	<u>\$ 2,765</u>
Cash and Investment Fund Balance - December 31							
Restricted for:							
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	85,583	-	426,728	17,292	1,356	-	2,765
Health and welfare	-	-	-	-	-	-	-
Other purposes	-	48,662	-	-	-	236,444	-
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 85,583</u>	<u>\$ 48,662</u>	<u>\$ 426,728</u>	<u>\$ 17,292</u>	<u>\$ 1,356</u>	<u>\$ 236,444</u>	<u>\$ 2,765</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, 2004
 (Continued)

	County User Fee	Local Health Maintenance	Supplemental Public Defender Service	GAL/CASA Donations	Bullet Proof Vest Grant	Community Corrections Project Income	Emergency Planning and Right to Know
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	51,829	-	-	18,524	-	-
Charges for services	-	-	-	-	-	94,722	-
Fines and forfeits	2,106	-	4,413	-	-	600	-
Other	-	-	-	-	-	-	-
Total receipts	2,106	51,829	4,413	-	18,524	95,322	-
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	21	-	9,620	-	18,524	74,259	1,529
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	53,400	-	-	-	-	-
Total disbursements	21	53,400	9,620	-	18,524	74,259	1,529
Excess (deficiency) of receipts over disbursements	2,085	(1,571)	(5,207)	-	-	21,063	(1,529)
Other financing sources (uses)							
Transfers in	-	-	-	-	-	10,925	-
Transfers out	-	-	-	-	-	(359,535)	-
Total other financing sources (uses)	-	-	-	-	-	(348,610)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,085	(1,571)	(5,207)	-	-	(327,547)	(1,529)
Cash and investment fund balance - beginning	14,361	52,789	48,014	827	-	327,547	18,770
Cash and investment fund balance - ending	<u>\$ 16,446</u>	<u>\$ 51,218</u>	<u>\$ 42,807</u>	<u>\$ 827</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,241</u>
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash with fiscal agent	-	-	-	-	-	-	-
Restricted assets:							
Cash and investments	16,446	51,218	42,807	827	-	-	17,241
Total cash and investment assets - December 31	<u>\$ 16,446</u>	<u>\$ 51,218</u>	<u>\$ 42,807</u>	<u>\$ 827</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,241</u>
Cash and Investment Fund Balance - December 31							
Restricted for:							
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	16,446	-	42,807	827	-	-	17,241
Health and welfare	-	-	-	-	-	-	-
Other purposes	-	51,218	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 16,446</u>	<u>\$ 51,218</u>	<u>\$ 42,807</u>	<u>\$ 827</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,241</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, 2004
 (Continued)

	County Drug Free Community	Emergency Telephone System	GAL/CASA	County Misdemeanant	Family and Children	Jury Pay	Property Reassessment II
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 162,994	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	2,049	42,199	258,223	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	59,050	-	-	-	-	15,562	-
Other	-	533,516	-	-	54,043	-	1,720
Total receipts	59,050	533,516	2,049	42,199	475,260	15,562	1,720
Disbursements:							
General government	-	-	-	-	838,581	-	1,720
Public safety	52,109	324,117	3,381	41,253	-	29,786	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Total disbursements	52,109	324,117	3,381	41,253	838,581	29,786	1,720
Excess (deficiency) of receipts over disbursements	6,941	209,399	(1,332)	946	(363,321)	(14,224)	-
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,941	209,399	(1,332)	946	(363,321)	(14,224)	-
Cash and investment fund balance - beginning	67,352	913,064	6,121	2,043	1,143,717	105,824	643,381
Cash and investment fund balance - ending	<u>\$ 74,293</u>	<u>\$ 1,122,463</u>	<u>\$ 4,789</u>	<u>\$ 2,989</u>	<u>\$ 780,396</u>	<u>\$ 91,600</u>	<u>\$ 643,381</u>
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash with fiscal agent	-	-	-	-	-	-	-
Restricted assets:							
Cash and investments	74,293	1,122,463	4,789	2,989	780,396	91,600	643,381
Total cash and investment assets - December 31	\$ 74,293	\$ 1,122,463	\$ 4,789	\$ 2,989	\$ 780,396	\$ 91,600	\$ 643,381
Cash and Investment Fund Balance - December 31							
Restricted for:							
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	74,293	1,122,463	4,789	2,989	-	91,600	-
Health and welfare	-	-	-	-	-	-	-
Other purposes	-	-	-	-	780,396	-	643,381
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 74,293	\$ 1,122,463	\$ 4,789	\$ 2,989	\$ 780,396	\$ 91,600	\$ 643,381

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, 2004
 (Continued)

	Law Enforcement Prosecutor	Community Corrections Adult 2003-2004	Community Corrections Adult 2004-2005	Community Corrections Work Release	Community Corrections Juvenile 2003-2004	Community Corrections Juvenile 2004-2005	User Fee Marijuana Eradication
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	21,597	117,333	-	-	40,850	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	2,573	-	-	-	-	-	-
Other	16,643	-	-	-	-	-	-
Total receipts	19,216	21,597	117,333	-	-	40,850	-
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	8,585	113,241	41,988	-	48,096	15,700	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Total disbursements	8,585	113,241	41,988	-	48,096	15,700	-
Excess (deficiency) of receipts over disbursements	10,631	(91,644)	75,345	-	(48,096)	25,150	-
Other financing sources (uses)							
Transfers in	-	1,340	51,771	-	-	19,886	-
Transfers out	-	(62,696)	-	-	(19,886)	-	-
Total other financing sources (uses)	-	(61,356)	51,771	-	(19,886)	19,886	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	10,631	(153,000)	127,116	-	(67,982)	45,036	-
Cash and investment fund balance - beginning	43,358	153,000	-	8,098	67,982	-	600
Cash and investment fund balance - ending	<u>\$ 53,989</u>	<u>\$ -</u>	<u>\$ 127,116</u>	<u>\$ 8,098</u>	<u>\$ -</u>	<u>\$ 45,036</u>	<u>\$ 600</u>
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash with fiscal agent	-	-	-	-	-	-	-
Restricted assets:							
Cash and investments	53,989	-	127,116	8,098	-	45,036	600
Total cash and investment assets - December 31	<u>\$ 53,989</u>	<u>\$ -</u>	<u>\$ 127,116</u>	<u>\$ 8,098</u>	<u>\$ -</u>	<u>\$ 45,036</u>	<u>\$ 600</u>
Cash and Investment Fund Balance - December 31							
Restricted for:							
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	53,989	-	127,116	8,098	-	45,036	600
Health and welfare	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 53,989</u>	<u>\$ -</u>	<u>\$ 127,116</u>	<u>\$ 8,098</u>	<u>\$ -</u>	<u>\$ 45,036</u>	<u>\$ 600</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, 2004
 (Continued)

	Federal Forfeited Property	Community Corrections Home Detention	Community Corrections Prevention 1998-1999	Community Corrections Prevention 1999-2000	Clerk's New Incentive	Prosecutor's New Incentive	Community Transition PGM
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	18,811	31,985	2,790
Charges for services	400	76,918	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	262	-	-	-	-	-
Total receipts	400	77,180	-	-	18,811	31,985	2,790
Disbursements:							
General government	1,250	-	-	-	9,010	-	-
Public safety	-	142,422	-	-	-	12,474	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Total disbursements	1,250	142,422	-	-	9,010	12,474	-
Excess (deficiency) of receipts over disbursements	(850)	(65,242)	-	-	9,801	19,511	2,790
Other financing sources (uses)							
Transfers in	-	359,535	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(1,340)
Total other financing sources (uses)	-	359,535	-	-	-	-	(1,340)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(850)	294,293	-	-	9,801	19,511	1,450
Cash and investment fund balance - beginning	6,897	-	22,326	1,124	1,740	4,911	4,707
Cash and investment fund balance - ending	<u>\$ 6,047</u>	<u>\$ 294,293</u>	<u>\$ 22,326</u>	<u>\$ 1,124</u>	<u>\$ 11,541</u>	<u>\$ 24,422</u>	<u>\$ 6,157</u>
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash with fiscal agent	-	-	-	-	-	-	-
Restricted assets:							
Cash and investments	6,047	294,293	22,326	1,124	11,541	24,422	6,157
Total cash and investment assets - December 31	\$ 6,047	\$ 294,293	\$ 22,326	\$ 1,124	\$ 11,541	\$ 24,422	\$ 6,157
Cash and Investment Fund Balance - December 31							
Restricted for:							
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	294,293	22,326	1,124	-	24,422	-
Health and welfare	-	-	-	-	-	-	-
Other purposes	6,047	-	-	-	11,541	-	6,157
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 6,047	\$ 294,293	\$ 22,326	\$ 1,124	\$ 11,541	\$ 24,422	\$ 6,157

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, 2004
 (Continued)

	Special Probation Programs	Probation Administrative Fee	Operation Pull-Over Grant	Stop Violence Against Women Grant	Boot Camp Donations	Court House Clock Grant	EMA Donations
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	15,118	19,472	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	48,100	-	-	-	-	-
Other	-	-	-	-	-	-	3,000
Total receipts	-	48,100	15,118	19,472	-	-	3,000
Disbursements:							
General government	-	17,846	-	-	-	-	-
Public safety	140	-	18,657	19,630	-	-	6,219
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Total disbursements	140	17,846	18,657	19,630	-	-	6,219
Excess (deficiency) of receipts over disbursements	(140)	30,254	(3,539)	(158)	-	-	(3,219)
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(140)	30,254	(3,539)	(158)	-	-	(3,219)
Cash and investment fund balance - beginning	270	14,522	6,386	1,479	654	1,000	5,837
Cash and investment fund balance - ending	<u>\$ 130</u>	<u>\$ 44,776</u>	<u>\$ 2,847</u>	<u>\$ 1,321</u>	<u>\$ 654</u>	<u>\$ 1,000</u>	<u>\$ 2,618</u>
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash with fiscal agent	-	-	-	-	-	-	-
Restricted assets:							
Cash and investments	130	44,776	2,847	1,321	654	1,000	2,618
Total cash and investment assets - December 31	\$ 130	\$ 44,776	\$ 2,847	\$ 1,321	\$ 654	\$ 1,000	\$ 2,618
Cash and Investment Fund Balance - December 31							
Restricted for:							
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	130	-	2,847	1,321	-	-	2,618
Health and welfare	-	-	-	-	-	-	-
Other purposes	-	44,776	-	-	654	1,000	-
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 130	\$ 44,776	\$ 2,847	\$ 1,321	\$ 654	\$ 1,000	\$ 2,618

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, 2004
 (Continued)

	EMA Kendrick Foundation	DARE Donations	County Park Development	County Economic Development	Juvenile Accountability Incentive Block Grant 02-JB-047	Juvenile Accountability Incentive Block Grant 01-JB-042	Boot Camp Fees
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	10,158	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	16,850	-	-	2,045
Other	50,000	-	11,000	-	-	-	-
Total receipts	50,000	-	11,000	16,850	10,158	-	2,045
Disbursements:							
General government	-	-	2,250	-	14,513	5,124	-
Public safety	35,508	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Total disbursements	35,508	-	2,250	-	14,513	5,124	-
Excess (deficiency) of receipts over disbursements	14,492	-	8,750	16,850	(4,355)	(5,124)	2,045
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	14,492	-	8,750	16,850	(4,355)	(5,124)	2,045
Cash and investment fund balance - beginning	-	3,098	-	4,800	7,215	5,124	3,545
Cash and investment fund balance - ending	<u>\$ 14,492</u>	<u>\$ 3,098</u>	<u>\$ 8,750</u>	<u>\$ 21,650</u>	<u>\$ 2,860</u>	<u>\$ -</u>	<u>\$ 5,590</u>
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash with fiscal agent	-	-	-	-	-	-	-
Restricted assets:							
Cash and investments	14,492	3,098	8,750	21,650	2,860	-	5,590
Total cash and investment assets - December 31	<u>\$ 14,492</u>	<u>\$ 3,098</u>	<u>\$ 8,750</u>	<u>\$ 21,650</u>	<u>\$ 2,860</u>	<u>\$ -</u>	<u>\$ 5,590</u>
Cash and Investment Fund Balance - December 31							
Restricted for:							
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	3,098	-	-	2,860	-	5,590
Health and welfare	-	-	-	-	-	-	-
Other purposes	14,492	-	8,750	21,650	-	-	-
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 14,492</u>	<u>\$ 3,098</u>	<u>\$ 8,750</u>	<u>\$ 21,650</u>	<u>\$ 2,860</u>	<u>\$ -</u>	<u>\$ 5,590</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, 2004
 (Continued)

	Clerk's Records Perpetuation	Tobacco Settlement	Prosecutor's Victim Assistance 1VA109	Community Corrections Prevention	Wiser Addition Sewer	Sartor Ditch	Homeland Security Grant
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	28,125	-	12,500	-	432,375
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	11,382	-	-	-	-	-	-
Other	-	32,818	-	-	-	-	-
Total receipts	<u>11,382</u>	<u>32,818</u>	<u>28,125</u>	<u>-</u>	<u>12,500</u>	<u>-</u>	<u>432,375</u>
Disbursements:							
General government	9,443	-	-	-	-	-	-
Public safety	-	-	36,884	-	-	-	308,109
Highways and streets	-	-	-	-	-	-	-
Health and welfare	-	17,752	-	-	15,000	-	-
Total disbursements	<u>9,443</u>	<u>17,752</u>	<u>36,884</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>308,109</u>
Excess (deficiency) of receipts over disbursements	<u>1,939</u>	<u>15,066</u>	<u>(8,759)</u>	<u>-</u>	<u>(2,500)</u>	<u>-</u>	<u>124,266</u>
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,939</u>	<u>15,066</u>	<u>(8,759)</u>	<u>-</u>	<u>(2,500)</u>	<u>-</u>	<u>124,266</u>
Cash and investment fund balance - beginning	<u>6,498</u>	<u>46,539</u>	<u>9,388</u>	<u>793</u>	<u>2,500</u>	<u>1,542</u>	<u>169,136</u>
Cash and investment fund balance - ending	<u>\$ 8,437</u>	<u>\$ 61,605</u>	<u>\$ 629</u>	<u>\$ 793</u>	<u>\$ -</u>	<u>\$ 1,542</u>	<u>\$ 293,402</u>
Cash and Investment Assets - December 31							
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash with fiscal agent	-	-	-	-	-	-	-
Restricted assets:							
Cash and investments	<u>8,437</u>	<u>61,605</u>	<u>629</u>	<u>793</u>	<u>-</u>	<u>1,542</u>	<u>293,402</u>
Total cash and investment assets - December 31	<u>\$ 8,437</u>	<u>\$ 61,605</u>	<u>\$ 629</u>	<u>\$ 793</u>	<u>\$ -</u>	<u>\$ 1,542</u>	<u>\$ 293,402</u>
Cash and Investment Fund Balance - December 31							
Restricted for:							
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	629	793	-	-	293,402
Health and welfare	-	61,605	-	-	-	-	-
Other purposes	8,437	-	-	-	-	1,542	-
Unrestricted	-	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 8,437</u>	<u>\$ 61,605</u>	<u>\$ 629</u>	<u>\$ 793</u>	<u>\$ -</u>	<u>\$ 1,542</u>	<u>\$ 293,402</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, 2004
 (Continued)

	Local Emergency Planning	Community Emergency Response Team	Drainage Plat Review	County Sales Disclosure	Child Psychiatric Res. Treatment	CDBG Owner Occupied Rehabilitation
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ 59,015	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	11,189	292,426
Charges for services	-	-	2,869	8,886	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	-	-	2,869	8,886	70,204	292,426
Disbursements:						
General government	6,085	-	1,935	23,000	19,990	292,426
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Total disbursements	6,085	-	1,935	23,000	19,990	292,426
Excess (deficiency) of receipts over disbursements	(6,085)	-	934	(14,114)	50,214	-
Other financing sources (uses)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,085)	-	934	(14,114)	50,214	-
Cash and investment fund balance - beginning	10,906	140	500	18,177	-	-
Cash and investment fund balance - ending	<u>\$ 4,821</u>	<u>\$ 140</u>	<u>\$ 1,434</u>	<u>\$ 4,063</u>	<u>\$ 50,214</u>	<u>\$ -</u>
Cash and Investment Assets - December 31						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	4,821	140	1,434	4,063	50,214	-
Total cash and investment assets - December 31	<u>\$ 4,821</u>	<u>\$ 140</u>	<u>\$ 1,434</u>	<u>\$ 4,063</u>	<u>\$ 50,214</u>	<u>\$ -</u>
Cash and Investment Fund Balance - December 31						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	4,821	140	-	-	-	-
Health and welfare	-	-	-	-	50,214	-
Other purposes	-	-	1,434	4,063	-	-
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	<u>\$ 4,821</u>	<u>\$ 140</u>	<u>\$ 1,434</u>	<u>\$ 4,063</u>	<u>\$ 50,214</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, 2004
 (Continued)

	Local Health Bio-Terrorism	K-9 Donation	Sheriff's Commissary	Greenway Study	Economic Development Income Tax	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 474,931
Licenses and permits	-	-	-	-	-	97,123
Intergovernmental	36,151	-	-	-	-	2,567,842
Charges for services	-	-	333,364	-	-	947,655
Fines and forfeits	-	-	-	-	-	418,979
Other	-	920	-	25,000	-	740,286
Total receipts	36,151	920	333,364	25,000	-	5,246,816
Disbursements:						
General government	-	-	-	21,118	75,000	1,618,047
Public safety	19,177	496	213,580	-	-	2,121,061
Highways and streets	-	-	-	-	-	570,682
Health and welfare	-	-	-	-	-	543,282
Total disbursements	19,177	496	213,580	21,118	75,000	4,853,072
Excess (deficiency) of receipts over disbursements	16,974	424	119,784	3,882	(75,000)	393,744
Other financing sources (uses)						
Transfers in	-	-	-	-	-	443,457
Transfers out	-	-	-	-	-	(443,457)
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	16,974	424	119,784	3,882	(75,000)	393,744
Cash and investment fund balance - beginning	-	-	84,997	-	77,230	5,827,470
Cash and investment fund balance - ending	\$ 16,974	\$ 424	\$ 204,781	\$ 3,882	\$ 2,230	\$ 6,221,214
Cash and Investment Assets - December 31						
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	16,974	424	204,781	3,882	2,230	6,221,214
Total cash and investment assets - December 31	\$ 16,974	\$ 424	\$ 204,781	\$ 3,882	\$ 2,230	\$ 6,221,214
Cash and Investment Fund Balance - December 31						
Restricted for:						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 396,202
Public safety	16,974	424	-	-	-	2,950,031
Health and welfare	-	-	-	-	-	245,246
Other purposes	-	-	204,781	3,882	2,230	2,629,735
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - December 31	\$ 16,974	\$ 424	\$ 204,781	\$ 3,882	\$ 2,230	\$ 6,221,214

MORGAN COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 INTERNAL SERVICE FUND
 As of and for the Year Ended December 31, 2004

	Group Insurance Fund
Operating receipts:	
Other	\$ 1,258,760
Operating disbursements:	
Insurance disbursements	1,118,539
Excess of receipts over disbursements	140,221
Cash and investment fund balance - beginning	280,004
Cash and investment fund balance - ending	\$ 420,225
<u>Cash and Investment Assets - December 31</u>	
Cash with fiscal agent	\$ 420,225
<u>Cash and Investment Fund Balance - December 31</u>	
Restricted for:	
Other purposes	\$ 420,225

MORGAN COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUND
 For The Year Ended December 31, 2004

	<u>Sheriff's Pension Trust</u>
Additions:	
Contributions:	
Employer	\$ 303,320
Plan members	<u>26,354</u>
Total contributions	<u>329,674</u>
Investment receipts:	
Net increase (decrease) in investments	45,732
Interest	<u>82,880</u>
Total investment receipts	128,612
Total additions	<u>458,286</u>
Deductions:	
Benefits	109,424
Administrative and general	<u>53,344</u>
Total deductions	<u>162,768</u>
Excess of total additions over total deductions	295,518
Cash and investment fund balance - beginning	<u>2,455,226</u>
Cash and investment fund balance - ending	<u>\$ 2,750,744</u>

MORGAN COUNTY
COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
PRIVATE-PURPOSE TRUST FUND
For The Year Ended December 31, 2004

	<u>Congressional Principal</u>
Cash and investment fund balance - beginning	\$ <u>20,880</u>
Cash and investment fund balance - ending	\$ <u><u>20,880</u></u>

MORGAN COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2004

	Children with Special Health Care Needs	Hospital Care for the Indigent	Surplus Dog Tax	Interstate Compact	CEDIT/ Homestead Credit	Education Plate Fee	Sale of County Owned Property
Additions:							
Agency fund additions	\$ 95,690	\$ 349,763	\$ 6,190	\$ 487	\$ 806,282	\$ 4,650	\$ 29,369
Deductions:							
Agency fund deductions	95,690	349,763	6,190	487	763,616	4,650	29,369
Excess (deficiency) of total additions over total deductions	-	-	-	-	42,666	-	-
Cash and investment fund balance - beginning	-	-	-	38	-	-	-
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38</u>	<u>\$ 42,666</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, 2004
 (Continued)

	Poor Relief	Tax Sale Redemption	Tax Sale Surplus	Court Fees	Inheritance Tax	Surplus Tax	Congressional Interest
Additions:							
Agency fund additions	\$ 149,826	\$ 61,376	\$ 1,663,226	\$ 167,826	\$ 884,478	\$ 54,230	\$ 177
Deductions:							
Agency fund deductions	<u>149,826</u>	<u>61,376</u>	<u>789,789</u>	<u>166,976</u>	<u>559,436</u>	<u>168,369</u>	<u>835</u>
Excess (deficiency) of total additions over total deductions	-	-	873,437	850	325,042	(114,139)	(658)
Cash and investment fund balance - beginning	<u>-</u>	<u>-</u>	<u>22,986</u>	<u>12,515</u>	<u>167,892</u>	<u>183,506</u>	<u>12,456</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 896,423</u>	<u>\$ 13,365</u>	<u>\$ 492,934</u>	<u>\$ 69,367</u>	<u>\$ 11,798</u>

MORGAN COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2004
 (Continued)

	State Sales Disclosure	Sales Disclosure State General	Coroner's Training and Education	Tax Distributions	Payroll Withholdings	County Payroll	Welfare Trust
Additions:							
Agency fund additions	\$ 1,792	\$ 6,872	\$ 2,150	\$ 50,428,457	\$ 8,269,002	\$ 7,515,097	\$ 8,856
Deductions:							
Agency fund deductions	1,793	6,336	2,269	50,428,457	8,237,828	7,515,097	5,249
Excess (deficiency) of total additions over total deductions	(1)	536	(119)	-	31,174	-	3,607
Cash and investment fund balance - beginning	135	-	237	-	115,919	-	8,973
Cash and investment fund balance - ending	<u>\$ 134</u>	<u>\$ 536</u>	<u>\$ 118</u>	<u>\$ -</u>	<u>\$ 147,093</u>	<u>\$ -</u>	<u>\$ 12,580</u>

MORGAN COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2004
 (Continued)

	Sewage Collections	City/Town Court Costs	County Recorder	Commercial Vehicle Excise Tax Distributions	Financial Institutions Tax Distributions	County Treasurer
Additions:						
Agency fund additions	\$ 54,740	\$ 12,308	\$ 422,396	\$ 389,154	\$ 267,364	\$ 49,117,065
Deductions:						
Agency fund deductions	54,740	5,518	428,558	389,154	267,364	49,237,160
Excess (deficiency) of total additions over total deductions	-	6,790	(6,162)	-	-	(120,095)
Cash and investment fund balance - beginning	-	-	37,375	-	-	724,186
Cash and investment fund balance - ending	\$ -	\$ 6,790	\$ 31,213	\$ -	\$ -	\$ 604,091

MORGAN COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2004
 (Continued)

	<u>County Sheriff</u>	<u>County Probation</u>	<u>County Plan Commission</u>	<u>Clerk of the Circuit Court</u>	<u>County Health</u>
Additions:					
Agency fund additions	\$ 2,347,438	\$ 651,107	\$ 128,136	\$ 9,464,782	\$ 99,321
Deductions:					
Agency fund deductions	<u>2,352,492</u>	<u>671,188</u>	<u>121,925</u>	<u>9,143,185</u>	<u>99,323</u>
Excess (deficiency) of total additions over total deductions	(5,054)	(20,081)	6,211	321,597	(2)
Cash and investment fund balance - beginning	<u>34,884</u>	<u>102,759</u>	<u>3,794</u>	<u>749,850</u>	<u>37</u>
Cash and investment fund balance - ending	<u>\$ 29,830</u>	<u>\$ 82,678</u>	<u>\$ 10,005</u>	<u>\$ 1,071,447</u>	<u>\$ 35</u>

MORGAN COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2004
 (Continued)

	<u>Prosecutor's Bad Check</u>	<u>Prosecutor's Miscellaneous Trust</u>	<u>Prosecutor's Trust</u>	<u>Sheriff's Inmate Trust</u>	<u>Total</u>
Additions:					
Agency fund additions	\$ 10,420	\$ -	\$ 53,925	\$ 223,623	\$ 133,747,575
Deductions:					
Agency fund deductions	<u>10,420</u>	<u>-</u>	<u>53,925</u>	<u>222,374</u>	<u>132,400,727</u>
Excess (deficiency) of total additions over total deductions	-	-	-	1,249	1,346,848
Cash and investment fund balance - beginning	<u>-</u>	<u>452</u>	<u>-</u>	<u>12,390</u>	<u>2,190,384</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 452</u>	<u>\$ -</u>	<u>\$ 13,639</u>	<u>\$ 3,537,232</u>

MORGAN COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For The Year Ended December 31, 2004

CAPITAL LEASES

The County has entered into the following capital leases:

Description of Asset	Present Value of Net Minimum Lease Payments	Ending Balance	Due Within One Year
Ameritech E-911	\$ 1,407,245	\$ 202,077	\$ 197,413
John Deere Motor Grader	134,470	111,968	9,620
Highway Paver	105,014	92,190	21,574
Highway Wheel Loader	139,986	29,410	29,410
Ingersoll-Rand DD70 Loader	53,100	46,615	10,907
Highway Gradall	179,828	73,818	36,081

MORGAN COUNTY
OTHER REPORTS

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

Board of County Commissioners
Clerk of the Circuit Court

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

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 the 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, 2004. 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; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

As described in Finding 2004-1 in the accompanying Schedule of Findings and Questioned Costs, the County did not comply with requirements regarding equipment and real property management that are applicable to its Homeland Security Grant Program. Compliance with such requirements is necessary, in our opinion, for the County to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its other major federal programs for the year ended December 31, 2004.

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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)

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the County's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as Finding 2004-1.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

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

STATE BOARD OF ACCOUNTS

June 15, 2006

MORGAN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2004

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Indiana Housing Finance Authority Community Development Block Grant	14.228	HD-003-005	\$ 292,426
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Pass-Through Indiana Department of Justice Juvenile Accountability Incentive Block	16.523	02-JB-047	14,513
Crime Victim Assistance	16.575	02VA173 04VA123 05VA100	4,250 15,917 <u>16,354</u>
Total for program			<u>36,521</u>
Violence Against Women Formula Grants	16.588	03ST051 04ST043	11,782 <u>7,848</u>
Total for program			<u>19,630</u>
Bullet Proof Vest Partnership Program FY 04	16.607		<u>18,524</u>
Total for federal grantor agency			<u>89,188</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation Highway Safety Cluster State and Community Highway Safety	20.600	154AL-04-03-03-48	<u>4,868</u>
Alcohol Traffic Safety and Drunk Driving FY03 FY04	20.601		9,665 <u>3,638</u>
Total for program			<u>13,303</u>
Total for federal grantor agency			<u>18,171</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through Indiana Department of Health Centers for Disease Control Prevention	93.283	U90/CCU517024-04	<u>19,177</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, 2004
(Continued)

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)</u>			
Pass-Through Indiana Family and Social Services Administration	93.563		
Child Support Enforcement			
Clerk's Expenditures			28,729
Prosecutor's Expenditures			159,282
Collection Incentives			115,329
Indirect Costs			<u>32,132</u>
Total for program			<u>335,472</u>
Total for federal grantor agency			<u>354,649</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct Grant			
Emergency Management Performance FY04	97.042		<u>6,877</u>
Pass-Through Indiana State Emergency Management Agency Homeland Security Grant Program Law Enforcement Terrorism Prevention Program	97.004		<u>308,109</u>
Pass-Through Indiana Department of Health State and Local All Hazards Emergency FY04	97.051		<u>6,085</u>
Total for federal grantor agency			<u>321,071</u>
Total federal awards expended			<u>\$ 1,075,505</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 the Morgan County (County) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

MORGAN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Qualified

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

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:
 Material weaknesses identified? no
 Reportable conditions identified that are not considered to be material weaknesses? yes

Type of auditor's report issued on compliance for major programs:
 Unqualified for Community Development Block Grant/States Program and Qualified for the Homeland Security Grant Program.

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
97.004	Homeland Security Grant Program
14.228	Community Development Block Grant/States Program

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

MORGAN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III – Federal Award Findings and Questioned Costs

FINDING 2004-1, EQUIPMENT AND REAL PROPERTY MANAGEMENT

Federal Agency: U.S. Department of Homeland Security
Federal Program: Homeland Security Grant Program
CFDA Number: 97.004
Pass-Through Entity: Indiana State Emergency Management Agency

The County has not maintained an adequate capital asset system which would account for all capital assets acquired with federal financial assistance.

OMB Circular A-133, Audits Of States, Local Governments, and Non-Profit Organizations, Subpart C, Section 300(b) 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.

Also, Subpart B, Section 205(a) states in part: Determining Federal awards expended. . . . the receipt of property.

Title 28, Code of Federal Regulations, Section 66.32 states:

(d) Management requirements. Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.
- (4) Adequate maintenance procedures must be developed to keep the property in good condition.
- (5) If the grantee or subgrantee is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

MORGAN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(e) Disposition. When original or replacement equipment acquired under a grant or sub-grant is no longer needed for the original project or program or for other activities currently or previously supported by a Federal agency, disposition of the equipment will be made as follows:

- (1) Items of equipment with a current per-unit fair market value of less than \$5,000 may be retained, sold or otherwise disposed of with no further obligation to the awarding agency.
- (2) Items of equipment with a current per unit fair market value in excess of \$5,000 may be retained or sold and the awarding agency shall have a right to an amount calculated by multiplying the current market value or proceeds from sale by the awarding agency's share of the equipment.

MORGAN COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

BRENDA ADAMS
AUDITOR OF MORGAN COUNTY

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

MORGAN COUNTY
CORRECTIVE ACTION PLAN

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

- Research and find the company that has the software that suits our needs.
- Acquire funding through the Morgan County Commissioners or the Morgan County Council.
- When the company and financing are in place we will implement the software we acquired to make us compliant.

Sincerely,



Brenda Adams
Morgan County Auditor

MORGAN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on June 28, 2006, with Brenda Adams, Auditor; Norman Voyles, President of the Board of County Commissioners; and Samuel Carlisle, President of the County Council.