

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

ANNUAL FINANCIAL REPORT

2005

MORGAN COUNTY, INDIANA



**FILED**  
09/28/2006



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials.....	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards .....	3-4
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.....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets – Cash and Investment Basis .....	6
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds.....	7
Proprietary Fund:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Proprietary Fund.....	8
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Funds .....	9
Notes to Financial Statements .....	10-20
Required Supplementary Information:	
Schedules of Funding Progress.....	21
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds.....	22-34
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Internal Service Fund .....	35
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Pension Trust Fund.....	36
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Private-Purpose Trust Funds .....	37
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Agency Funds .....	38-43
Schedule of Long-Term Debt.....	44
Other Report.....	45
Supplemental Audit of Federal Awards:	
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 .....	48-49
Schedule of Expenditures of Federal Awards.....	50-51
Note to Schedule of Expenditures of Federal Awards .....	52
Schedule of Findings and Questioned Costs.....	53-55
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings.....	56
Corrective Action Plan.....	57
Exit Conference.....	58

### 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	01-01-05 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	01-01-05 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  
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 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, 2005, 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, 2005, 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, 2005, and have issued our report thereon dated June 15, 2006. The opinion to the financial statements was qualified due to the omission of information concerning a number of component units of the County. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

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, 2005

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	\$ 12,266,655	\$ 2,038,875	\$ 909,226	\$ 241,998	\$ (9,076,556)	\$ (9,076,556)
Public safety	7,592,745	1,594,864	527,848	-	(5,470,033)	(5,470,033)
Highways and streets	6,980,894	-	3,957,479	-	(3,023,415)	(3,023,415)
Sanitation	11,000	-	11,000	-	-	-
Culture and recreation	-	164,489	65,088	-	229,577	229,577
Health and welfare	779,976	-	337,145	-	(442,831)	(442,831)
<b>Total primary government</b>	<b><u>\$ 27,631,270</u></b>	<b><u>\$ 3,798,228</u></b>	<b><u>\$ 5,807,786</u></b>	<b><u>\$ 241,998</u></b>	<b><u>(17,783,258)</u></b>	<b><u>(17,783,258)</u></b>
General receipts:						
Property taxes					6,915,748	6,915,748
Other local sources					9,611,588	9,611,588
Unrestricted investment earnings					966,790	966,790
<b>Total general receipts</b>					<b><u>17,494,126</u></b>	<b><u>17,494,126</u></b>
Change in net assets					(289,132)	(289,132)
Net assets - beginning					<u>22,467,320</u>	<u>22,467,320</u>
Net assets - ending					<b><u>\$ 22,178,188</u></b>	<b><u>\$ 22,178,188</u></b>
<b>Assets</b>						
Cash and investments					\$ 2,893,183	\$ 2,893,183
Restricted assets:						
Cash and investments					<u>19,285,005</u>	<u>19,285,005</u>
<b>Total assets</b>					<b><u>\$ 22,178,188</u></b>	<b><u>\$ 22,178,188</u></b>
<b>Net Assets</b>						
Restricted for:						
Highways and streets					\$ 1,398,396	\$ 1,398,396
Public safety					3,110,785	3,110,785
Health and welfare					202,398	202,398
Other purposes					14,590,562	14,590,562
Unrestricted					<u>2,876,047</u>	<u>2,876,047</u>
<b>Total net assets</b>					<b><u>\$ 22,178,188</u></b>	<b><u>\$ 22,178,188</u></b>

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, 2005

	General	Property Reassessment	Cumulative Bridge	Cumulative Capital Development	Cumulative County Buildings	Other Governmental Funds	Totals
<b>Receipts:</b>							
Taxes	\$ 8,728,605	\$ 285,107	\$ 285,106	\$ 584,468	\$ 273,702	\$ 2,779,662	\$ 12,936,650
Licenses and permits	141,468	-	-	-	-	94,754	236,222
Intergovernmental	829,471	46,969	168,721	96,287	45,092	5,494,892	6,681,432
Charges for services	387,410	-	-	-	-	858,355	1,245,765
Fines and forfeits	375,732	-	-	-	-	959,200	1,334,932
Other	851,777	75,158	72,589	80,975	24,814	1,542,975	2,648,288
<b>Total receipts</b>	<b>11,314,463</b>	<b>407,234</b>	<b>526,416</b>	<b>761,730</b>	<b>343,608</b>	<b>11,729,838</b>	<b>25,083,289</b>
<b>Disbursements:</b>							
General government	5,793,246	295,121	-	1,534,065	718,848	709,281	9,050,561
Public safety	5,175,456	-	-	-	-	2,426,120	7,601,576
Highways and streets	-	-	1,585,736	-	-	3,512,899	5,098,635
Sanitation	-	-	-	-	-	11,000	11,000
Health and welfare	177,744	-	-	-	-	1,736,743	1,914,487
Capital outlay:							
Highways and streets	-	-	-	-	-	1,882,259	1,882,259
<b>Total disbursements</b>	<b>11,146,446</b>	<b>295,121</b>	<b>1,585,736</b>	<b>1,534,065</b>	<b>718,848</b>	<b>10,278,302</b>	<b>25,558,518</b>
Excess (deficiency) of receipts over disbursements	168,017	112,113	(1,059,320)	(772,335)	(375,240)	1,451,536	(475,229)
<b>Other financing sources (uses)</b>							
Transfers in	42,362	-	-	-	-	407,014	449,376
Transfers out	-	-	-	-	-	(449,376)	(449,376)
Other receipts	537,174	-	-	-	-	32,551	569,725
<b>Total other financing sources (uses)</b>	<b>579,536</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,811)</b>	<b>569,725</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	747,553	112,113	(1,059,320)	(772,335)	(375,240)	1,441,725	94,496
Cash and investment fund balance - beginning	2,145,630	2,098,043	3,386,098	4,831,714	2,362,330	6,940,082	21,763,897
Cash and investment fund balance - ending	<u>\$ 2,893,183</u>	<u>\$ 2,210,156</u>	<u>\$ 2,326,778</u>	<u>\$ 4,059,379</u>	<u>\$ 1,987,090</u>	<u>\$ 8,381,807</u>	21,858,393
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.							
							319,795
Net assets of governmental activities							<u>\$ 22,178,188</u>
<b><u>Cash and Investment Assets - December 31</u></b>							
Cash and investments	\$ 2,893,183	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,893,183
Restricted assets:							
Cash and investments	-	2,210,156	2,326,778	4,059,379	1,987,090	8,381,807	18,965,210
<b>Total cash and investment assets - December 31</b>	<b><u>\$ 2,893,183</u></b>	<b><u>\$ 2,210,156</u></b>	<b><u>\$ 2,326,778</u></b>	<b><u>\$ 4,059,379</u></b>	<b><u>\$ 1,987,090</u></b>	<b><u>\$ 8,381,807</u></b>	<b><u>\$ 21,858,393</u></b>
<b><u>Cash and Investment Fund Balance - December 31</u></b>							
Restricted for:							
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,398,396	\$ 1,398,396
Public safety	-	-	-	-	-	3,110,785	3,110,785
Health and welfare	-	-	-	-	-	202,398	202,398
Other purposes	-	2,210,156	2,326,778	4,059,379	1,987,090	3,687,364	14,270,767
Unrestricted	2,893,183	-	-	-	-	(17,136)	2,876,047
<b>Total cash and investment fund balance - December 31</b>	<b><u>\$ 2,893,183</u></b>	<b><u>\$ 2,210,156</u></b>	<b><u>\$ 2,326,778</u></b>	<b><u>\$ 4,059,379</u></b>	<b><u>\$ 1,987,090</u></b>	<b><u>\$ 8,381,807</u></b>	<b><u>\$ 21,858,393</u></b>

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  
As of and for the Year Ended December 31, 2005

	<u>Internal Service Fund</u>
Operating receipts:	
Other	\$ 1,134,511
Operating disbursements:	
Insurance disbursements	<u>1,234,941</u>
Deficiency of operating receipts over operating disbursements	<u>(100,430)</u>
Cash and investment fund balance - beginning	<u>420,225</u>
Cash and investment fund balance - ending	<u>\$ 319,795</u>
<u>Cash and Investment Assets - December 31</u>	
Restricted assets:	
Cash and investments	<u>\$ 319,795</u>
<u>Cash and Investment Fund Balance - December 31</u>	
Restricted for:	
Other purposes	<u>\$ 319,795</u>

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

MORGAN COUNTY  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For The Year Ended December 31, 2005

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Employer	\$ 326,997	\$ -	\$ -
Plan members	<u>28,224</u>	<u>-</u>	<u>-</u>
Total contributions	<u>355,221</u>	<u>-</u>	<u>-</u>
Investment earnings:			
Net (decrease) in fair value of investments	153,495	-	-
Interest	<u>88,982</u>	<u>-</u>	<u>-</u>
Net investment earnings	<u>242,477</u>	<u>-</u>	<u>-</u>
Agency fund additions	<u>-</u>	<u>-</u>	<u>156,881,400</u>
Total additions	<u>597,698</u>	<u>-</u>	<u>156,881,400</u>
Deductions:			
Benefits	111,054	-	-
Refunds of contributions	3,636	-	-
Administrative and general	61,749	-	-
Agency fund deductions	<u>-</u>	<u>-</u>	<u>156,942,452</u>
Total deductions	<u>176,439</u>	<u>-</u>	<u>156,942,452</u>
Excess of total additions over total deductions	421,259	-	(61,052)
Cash and investment fund balance - beginning	<u>2,750,744</u>	<u>20,880</u>	<u>3,537,232</u>
Cash and investment fund balance - ending	<u>\$ 3,172,003</u>	<u>\$ 20,880</u>	<u>\$ 3,476,180</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 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.

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.

MORGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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:

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

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

Fund Financial Statements

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

MORGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

E. Receipts and Disbursements

1. Program Receipts

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

2. Operating Receipts and Disbursements

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.

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.

MORGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

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.

B. Cash and Investment Balance Deficits

At December 31, 2005, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and State statute:

Fund	2005
Stop Violence Against Women	\$ 2,803
Prosecutor's Victim Assistance 2005-06	4,628
Health Bio-Terrorism Grant 2005-06	9,705

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

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds; and has a principal office or branch that qualifies to receive public funds of the political subdivision. At December 31, 2005, the bank balance held at Morgan Stanley Trust in the amount of \$3,172,003 was collateralized with securities held by the pledging

MORGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

financial institution's trust department or agent but not in the depositor-Morgan County Sheriff's Pension. The remaining bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. The Sheriff's Merit Board had established an investment policy for the Sheriff's Retirement and Benefit Pension Plan. This investment policy outlines parameters for investment activity for the Sheriff's Pension Plans. As of December 31, 2005, the County had the following investments:

Investment Type	Investment Maturities (in Years)		
	Less Than 1	1-2	More Than 2
U.S. Treasuries and Securities	\$ 112,463	\$ 150,679	\$ 135,551
Corporate Stocks	2,018,159	-	-
Debt Securities	<u>98,882</u>	<u>217,537</u>	<u>216,113</u>
Totals	<u>\$ 2,229,504</u>	<u>\$ 368,216</u>	<u>\$ 351,664</u>

Investment Policies

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

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

MORGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The County does not have a formal investment policy for custodial credit risk for investments. At December 31, 2005, the County held investments in corporate stocks, corporate debt securities and government enterprises in the amount of \$2,949,384. Of these investments, \$2,949,384 was held by the counterparty's trust department or agent but not in the County's name.

Interest Rate Risk

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

Credit Risk

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

Standard and Poor's Rating	Moody's Rating	Sheriff's Pension Investments		
		Debt Securities	Corporate Stocks	Government Sponsored Enterprise
AAA	Aaa	\$ 115,449	\$ -	\$ 112,872
AA	Aa	33,020	-	49,327
A	A	177,663	-	-
BBB	Baa	9,707	-	-
Unrated	Unrated	433,185	2,018,161	-
Totals		\$ 769,024	\$ 2,018,161	\$ 162,199

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2005, were as follows:

MORGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Transfer From	Transfer To	2005
Other governmental	General Fund	\$ 42,362
Other governmental	Other governmental	407,014
Total		\$ 449,376

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 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.

MORGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

C. Pension Plans

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

1. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

2. County Police Retirement Plan

Plan Description

The County contributes to the County Police Retirement Plan, which is a single-employer defined benefit pension plan. With the approval of the County's fiscal body, the plan is administered by the sheriff's department and an appointed trustee as authorized by state statute (IC 36-8-10-12) for full-time police officers. The plan provides retirement, death, and disability benefits to plan 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.

MORGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

3. County Police Benefit Plan

Plan Description

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

Funding Policy and Annual Pension Cost

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

Actuarial Information for the Above Plans

	PERF	County Police Retirement Plan	County Police Benefit Plan
Annual required contribution	\$ 292,582	\$ 303,469	\$ 12,107
Interest on net pension obligation	(21,692)	2,930	-
Adjustment to annual required contribution	24,720	(5,963)	-
Annual pension cost	295,610	300,436	12,107
Contributions made	301,661	302,783	12,107
Increase (decrease) in net pension obligation	(6,051)	(2,347)	-
Net pension obligation, beginning of year	(299,198)	41,863	-
Net pension obligation, end of year	\$ (305,249)	\$ 39,516	\$ -

	PERF	County Police Retirement Plan	County Police Benefit Plan
Contribution rates:			
County	4.75%	39%	.07%
Plan members	3%	6%	6%
Actuarial valuation date	07-01-05	01-01-06	01-01-06
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

MORGAN COUNTY  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Actuarial Assumptions	PERF	County Police Retirement Plan	County Police Benefit Plan
Investment rate of return	7.25%	7%	7%
Projected future salary increases:			
Total	5%	5%	5%
Attributed to inflation	4%	4%	4%
Attributed to merit/seniority	1%	1%	1%
Cost-of-living adjustments	2%	2%	0%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-03	\$ 292,076	88%	\$ (244,171)
	06-30-04	230,636	124%	(299,198)
	06-30-05	295,610	131%	(305,249)
County Police Retirement Plan	12-31-03	298,821	107%	58,595
	12-31-04	278,776	105%	41,863
	12-31-05	303,469	100%	39,516

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 AAL (Unfunded) (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
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%)
07-01-05	5,106,196	6,160,652	(1,054,456)	83%	5,848,896	(18%)

County Police Retired 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)
01-01-01	\$ 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%)
01-01-06	3,055,002	3,499,887	(444,885)	87%	882,136	(50%)

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, 2005

	Riverboat	County Health	County Highway	Local Road and Street	Accident Report	Firearms Training	Pretrial Diversion Check
Receipts:							
Taxes	\$ -	\$ 253,745	\$ -	\$ 82,368	\$ -	\$ -	\$ -
Licenses and permits	-	94,754	-	-	-	-	-
Intergovernmental	420,524	43,720	2,596,137	1,110,252	-	-	-
Charges for services	-	-	-	-	6,456	10,170	2,950
Fines and forfeits	-	-	-	-	-	-	12,750
Other	-	3,003	7,468	-	-	16	-
<b>Total receipts</b>	<b>420,524</b>	<b>395,222</b>	<b>2,603,605</b>	<b>1,192,620</b>	<b>6,456</b>	<b>10,186</b>	<b>15,700</b>
Disbursements:							
General government	156,792	-	-	-	-	-	-
Public safety	-	-	-	-	9,616	8,564	22,580
Highways and streets	-	-	2,663,243	849,656	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	453,694	-	-	-	-	-
Capital outlay:							
Highways and streets	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>156,792</b>	<b>453,694</b>	<b>2,663,243</b>	<b>849,656</b>	<b>9,616</b>	<b>8,564</b>	<b>22,580</b>
Excess (deficiency) of receipts over disbursements	263,732	(58,472)	(59,638)	342,964	(3,160)	1,622	(6,880)
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(2)	-
Other receipts	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2)</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	263,732	(58,472)	(59,638)	342,964	(3,160)	1,620	(6,880)
Cash and investment fund balance - beginning	528,198	133,427	718,868	396,202	7,897	10,569	22,693
Cash and investment fund balance - ending	\$ 791,930	\$ 74,955	\$ 659,230	\$ 739,166	\$ 4,737	\$ 12,189	\$ 15,813
<b>Cash and Investment Assets - December 31</b>							
Restricted assets:							
Cash and investments	\$ 791,930	\$ 74,955	\$ 659,230	\$ 739,166	\$ 4,737	\$ 12,189	\$ 15,813
<b>Cash and Investment Fund Balance - December 31</b>							
Restricted for:							
Highways and streets	\$ -	\$ -	\$ 659,230	\$ 739,166	\$ -	\$ -	\$ -
Public safety	-	-	-	-	4,737	12,189	15,813
Health and welfare	-	74,955	-	-	-	-	-
Other purposes	791,930	-	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 791,930</b>	<b>\$ 74,955</b>	<b>\$ 659,230</b>	<b>\$ 739,166</b>	<b>\$ 4,737</b>	<b>\$ 12,189</b>	<b>\$ 15,813</b>

MORGAN COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2005  
 (Continued)

	Pretrial Diversion Traffic	ADAPT Probation User Fees	Surveyor's Corner Perpetuation	Supplemental Adult Probation Services	Supplemental Juvenile Probation Services	County Extradition	Recorder's Records Perpetuation
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	60,513	18,200	184,939	21,582	-	115,065
Fines and forfeits	175,120	-	-	-	-	1,008	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>175,120</b>	<b>60,513</b>	<b>18,200</b>	<b>184,939</b>	<b>21,582</b>	<b>1,008</b>	<b>115,065</b>
Disbursements:							
General government	-	-	225	-	-	-	93,756
Public safety	139,923	141,801	-	118,371	35,894	1,609	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Capital outlay:							
Highways and streets	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>139,923</b>	<b>141,801</b>	<b>225</b>	<b>118,371</b>	<b>35,894</b>	<b>1,609</b>	<b>93,756</b>
Excess (deficiency) of receipts over disbursements	35,197	(81,288)	17,975	66,568	(14,312)	(601)	21,309
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	35,197	(81,288)	17,975	66,568	(14,312)	(601)	21,309
Cash and investment fund balance - beginning	89,042	85,583	48,662	426,728	17,292	1,356	236,444
Cash and investment fund balance - ending	<u>\$ 124,239</u>	<u>\$ 4,295</u>	<u>\$ 66,637</u>	<u>\$ 493,296</u>	<u>\$ 2,980</u>	<u>\$ 755</u>	<u>\$ 257,753</u>
<b>Cash and Investment Assets - December 31</b>							
Restricted assets:							
Cash and investments	<u>\$ 124,239</u>	<u>\$ 4,295</u>	<u>\$ 66,637</u>	<u>\$ 493,296</u>	<u>\$ 2,980</u>	<u>\$ 755</u>	<u>\$ 257,753</u>
<b>Cash and Investment Fund Balance - December 31</b>							
Restricted for:							
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	124,239	4,295	-	493,296	2,980	755	-
Health and welfare	-	-	-	-	-	-	-
Other purposes	-	-	66,637	-	-	-	257,753
Unrestricted	-	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<b><u>\$ 124,239</u></b>	<b><u>\$ 4,295</u></b>	<b><u>\$ 66,637</u></b>	<b><u>\$ 493,296</u></b>	<b><u>\$ 2,980</u></b>	<b><u>\$ 755</u></b>	<b><u>\$ 257,753</u></b>

MORGAN COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2005  
 (Continued)

	County Law Enforcement Continuing Education	County User Fee	County EDIT Fund	Local Health Maintenance	Supplemental Public Defender Service	GAL/CASA Donations	Bullet Proof Vest Grant
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	2,546
Charges for services	-	-	-	41,902	-	-	-
Fines and forfeits	2,967	2,352	-	-	980	-	-
Other	-	-	1,389,428	166	-	25	-
<b>Total receipts</b>	<b>2,967</b>	<b>2,352</b>	<b>1,389,428</b>	<b>42,068</b>	<b>980</b>	<b>25</b>	<b>2,546</b>
<b>Disbursements:</b>							
General government	-	-	-	-	-	-	-
Public safety	2,544	15	-	-	-	-	2,548
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	63,748	-	-	-
Capital outlay:							
Highways and streets	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>2,544</b>	<b>15</b>	<b>-</b>	<b>63,748</b>	<b>-</b>	<b>-</b>	<b>2,548</b>
Excess (deficiency) of receipts over disbursements	423	2,337	1,389,428	(21,680)	980	25	(2)
<b>Other financing sources (uses)</b>							
Transfers in	-	-	-	-	-	-	2
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	423	2,337	1,389,428	(21,680)	980	25	-
Cash and investment fund balance - beginning	2,765	16,446	-	51,218	42,807	827	-
Cash and investment fund balance - ending	<u>\$ 3,188</u>	<u>\$ 18,783</u>	<u>\$ 1,389,428</u>	<u>\$ 29,538</u>	<u>\$ 43,787</u>	<u>\$ 852</u>	<u>\$ -</u>
<b>Cash and Investment Assets - December 31</b>							
<b>Restricted assets:</b>							
Cash and investments	<u>\$ 3,188</u>	<u>\$ 18,783</u>	<u>\$ 1,389,428</u>	<u>\$ 29,538</u>	<u>\$ 43,787</u>	<u>\$ 852</u>	<u>\$ -</u>
<b>Cash and Investment Fund Balance - December 31</b>							
<b>Restricted for:</b>							
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	3,188	18,783	-	-	43,787	852	-
Health and welfare	-	-	-	-	-	-	-
Other purposes	-	-	1,389,428	29,538	-	-	-
Unrestricted	-	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<b><u>\$ 3,188</u></b>	<b><u>\$ 18,783</u></b>	<b><u>\$ 1,389,428</u></b>	<b><u>\$ 29,538</u></b>	<b><u>\$ 43,787</u></b>	<b><u>\$ 852</u></b>	<b><u>\$ -</u></b>

MORGAN COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2005  
 (Continued)

	Community Corrections Project Income 2005-06	Emergency Planning and Right to Know	County Drug Free Community	Emergency Telephone System	GAL/CASA	County Misdemeanant	Family and Children
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 168,213
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	7,156	-	160,502	2,379	42,199	247,409
Charges for services	-	-	-	-	-	-	1,120
Fines and forfeits	61,188	-	63,019	547,835	-	-	-
Other	-	-	-	89	-	-	-
<b>Total receipts</b>	<b>61,188</b>	<b>7,156</b>	<b>63,019</b>	<b>708,426</b>	<b>2,379</b>	<b>42,199</b>	<b>416,742</b>
Disbursements:							
General government	-	-	-	-	-	43,147	-
Public safety	145,135	232	69,233	390,775	3,429	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	1,174,923
Capital outlay:							
Highways and streets	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>145,135</b>	<b>232</b>	<b>69,233</b>	<b>390,775</b>	<b>3,429</b>	<b>43,147</b>	<b>1,174,923</b>
Excess (deficiency) of receipts over disbursements	(83,947)	6,924	(6,214)	317,651	(1,050)	(948)	(758,181)
Other financing sources (uses)							
Transfers in	330,596	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	32,551
<b>Total other financing sources (uses)</b>	<b>330,596</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32,551</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	246,649	6,924	(6,214)	317,651	(1,050)	(948)	(725,630)
Cash and investment fund balance - beginning	-	17,241	74,293	1,122,463	4,789	2,989	780,396
<b>Cash and investment fund balance - ending</b>	<b>\$ 246,649</b>	<b>\$ 24,165</b>	<b>\$ 68,079</b>	<b>\$ 1,440,114</b>	<b>\$ 3,739</b>	<b>\$ 2,041</b>	<b>\$ 54,766</b>
<b>Cash and Investment Assets - December 31</b>							
Restricted assets:							
Cash and investments	\$ 246,649	\$ 24,165	\$ 68,079	\$ 1,440,114	\$ 3,739	\$ 2,041	\$ 54,766
<b>Cash and Investment Fund Balance - December 31</b>							
Restricted for:							
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	246,649	-	68,079	1,440,114	3,739	-	-
Health and welfare	-	-	-	-	-	-	-
Other purposes	-	24,165	-	-	-	2,041	54,766
Unrestricted	-	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 246,649</b>	<b>\$ 24,165</b>	<b>\$ 68,079</b>	<b>\$ 1,440,114</b>	<b>\$ 3,739</b>	<b>\$ 2,041</b>	<b>\$ 54,766</b>

MORGAN COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2005  
 (Continued)

	Jury Pay	Reassessment II	Law Enforcement Prosecutor	Community Corrections Adult 2005-2006	Community Corrections Adult 2004-2005	Community Corrections Work Release	Community Corrections Juvenile 2005-2006
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	14,712	-	-	87,057	24,499	-	41,588
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	4,738	-	-	-	-
Other	-	-	50	29	-	-	2,159
<b>Total receipts</b>	<b>14,712</b>	<b>-</b>	<b>4,788</b>	<b>87,086</b>	<b>24,499</b>	<b>-</b>	<b>43,747</b>
<b>Disbursements:</b>							
General government	-	-	-	-	-	-	-
Public safety	36,330	-	12,075	39,104	112,828	8,098	5,048
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Capital outlay:							
Highways and streets	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>36,330</b>	<b>-</b>	<b>12,075</b>	<b>39,104</b>	<b>112,828</b>	<b>8,098</b>	<b>5,048</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(21,618)</b>	<b>-</b>	<b>(7,287)</b>	<b>47,982</b>	<b>(88,329)</b>	<b>(8,098)</b>	<b>38,699</b>
<b>Other financing sources (uses)</b>							
Transfers in	-	-	-	16,936	-	-	48,555
Transfers out	-	-	-	-	(38,787)	-	-
Other receipts	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,936</b>	<b>(38,787)</b>	<b>-</b>	<b>48,555</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(21,618)</b>	<b>-</b>	<b>(7,287)</b>	<b>64,918</b>	<b>(127,116)</b>	<b>(8,098)</b>	<b>87,254</b>
Cash and investment fund balance - beginning	91,600	643,381	53,989	-	127,116	8,098	-
Cash and investment fund balance - ending	<u>\$ 69,982</u>	<u>\$ 643,381</u>	<u>\$ 46,702</u>	<u>\$ 64,918</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,254</u>
<b>Cash and Investment Assets - December 31</b>							
<b>Restricted assets:</b>							
Cash and investments	<u>\$ 69,982</u>	<u>\$ 643,381</u>	<u>\$ 46,702</u>	<u>\$ 64,918</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 87,254</u>
<b>Cash and Investment Fund Balance - December 31</b>							
<b>Restricted for:</b>							
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	69,982	-	46,702	64,918	-	-	87,254
Health and welfare	-	-	-	-	-	-	-
Other purposes	-	643,381	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<b><u>\$ 69,982</u></b>	<b><u>\$ 643,381</u></b>	<b><u>\$ 46,702</u></b>	<b><u>\$ 64,918</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 87,254</u></b>

MORGAN COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2005  
 (Continued)

	Community Corrections Juvenile 2004-2005	User Fee Marijuana Eradication	Federal Forfeited Property	Community Corrections Home Detention	Community Corrections Prevention 1998-1999	Community Corrections Prevention 1999-2000	Clerk's New Incentive
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	30,381	-	-	-	-	-	-
Charges for services	-	-	-	95,207	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	152	-	-	45,795
<b>Total receipts</b>	<b>30,381</b>	<b>-</b>	<b>-</b>	<b>95,359</b>	<b>-</b>	<b>-</b>	<b>45,795</b>
Disbursements:							
General government	-	-	3,860	-	-	-	20,010
Public safety	26,862	-	-	80,906	22,326	1,124	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Capital outlay:							
Highways and streets	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>26,862</b>	<b>-</b>	<b>3,860</b>	<b>80,906</b>	<b>22,326</b>	<b>1,124</b>	<b>20,010</b>
Excess (deficiency) of receipts over disbursements	3,519	-	(3,860)	14,453	(22,326)	(1,124)	25,785
Other financing sources (uses)							
Transfers in	-	-	-	10,925	-	-	-
Transfers out	(48,555)	(600)	-	(319,671)	-	-	-
Other receipts	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(48,555)</b>	<b>(600)</b>	<b>-</b>	<b>(308,746)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(45,036)	(600)	(3,860)	(294,293)	(22,326)	(1,124)	25,785
Cash and investment fund balance - beginning	45,036	600	6,047	294,293	22,326	1,124	11,541
Cash and investment fund balance - ending	\$ -	\$ -	\$ 2,187	\$ -	\$ -	\$ -	\$ 37,326
<b>Cash and Investment Assets - December 31</b>							
Restricted assets:							
Cash and investments	\$ -	\$ -	\$ 2,187	\$ -	\$ -	\$ -	\$ 37,326
<b>Cash and Investment Fund Balance - December 31</b>							
Restricted for:							
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Other purposes	-	-	2,187	-	-	-	37,326
Unrestricted	-	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,187</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 37,326</b>

MORGAN COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2005  
 (Continued)

	Prosecutor's New Incentive	Community Transition PGM	Special Probation Programs	Probation Administrative Fee	Child Restraint Violation Fines	Operation Pull-Over Grant	Operation Round-up Grant
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	15,375	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	47,674	75	-	-
Other	54,889	5,445	-	-	-	-	5,266
<b>Total receipts</b>	<b>54,889</b>	<b>5,445</b>	<b>-</b>	<b>47,674</b>	<b>75</b>	<b>15,375</b>	<b>5,266</b>
<b>Disbursements:</b>							
General government	-	-	-	-	-	-	-
Public safety	13,804	-	-	32,093	75	15,211	5,156
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Capital outlay:							
Highways and streets	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>13,804</b>	<b>-</b>	<b>-</b>	<b>32,093</b>	<b>75</b>	<b>15,211</b>	<b>5,156</b>
Excess (deficiency) of receipts over disbursements	41,085	5,445	-	15,581	-	164	110
<b>Other financing sources (uses)</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	41,085	5,445	-	15,581	-	164	110
Cash and investment fund balance - beginning	24,422	6,157	130	44,776	-	2,847	-
Cash and investment fund balance - ending	<u>\$ 65,507</u>	<u>\$ 11,602</u>	<u>\$ 130</u>	<u>\$ 60,357</u>	<u>\$ -</u>	<u>\$ 3,011</u>	<u>\$ 110</u>
<b>Cash and Investment Assets - December 31</b>							
<b>Restricted assets:</b>							
Cash and investments	<u>\$ 65,507</u>	<u>\$ 11,602</u>	<u>\$ 130</u>	<u>\$ 60,357</u>	<u>\$ -</u>	<u>\$ 3,011</u>	<u>\$ 110</u>
<b>Cash and Investment Fund Balance - December 31</b>							
<b>Restricted for:</b>							
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	65,507	-	130	60,357	-	3,011	110
Health and welfare	-	-	-	-	-	-	-
Other purposes	-	11,602	-	-	-	-	-
Unrestricted	-	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<u><b>\$ 65,507</b></u>	<u><b>\$ 11,602</b></u>	<u><b>\$ 130</b></u>	<u><b>\$ 60,357</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 3,011</b></u>	<u><b>\$ 110</b></u>

MORGAN COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2005  
 (Continued)

	Stop Violence Against Women Grant	Boot Camp Donations	Court House Clock Grant	EMA Donations	Indiana EMA	EMA Kendrick Foundation	DARE Donations
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	12,533	-	-	-	1,592	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	10,000	-	-	-
<b>Total receipts</b>	<b>12,533</b>	<b>-</b>	<b>-</b>	<b>10,000</b>	<b>1,592</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>							
General government	-	-	-	12,500	1,585	14,492	-
Public safety	16,657	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Capital outlay:							
Highways and streets	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>16,657</b>	<b>-</b>	<b>-</b>	<b>12,500</b>	<b>1,585</b>	<b>14,492</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(4,124)	-	-	(2,500)	7	(14,492)	-
<b>Other financing sources (uses)</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,124)	-	-	(2,500)	7	(14,492)	-
Cash and investment fund balance - beginning	1,321	654	1,000	2,618	-	14,492	3,098
Cash and investment fund balance - ending	<u>\$ (2,803)</u>	<u>\$ 654</u>	<u>\$ 1,000</u>	<u>\$ 118</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ 3,098</u>
<b>Cash and Investment Assets - December 31</b>							
<b>Restricted assets:</b>							
Cash and investments	<u>\$ (2,803)</u>	<u>\$ 654</u>	<u>\$ 1,000</u>	<u>\$ 118</u>	<u>\$ 7</u>	<u>\$ -</u>	<u>\$ 3,098</u>
<b>Cash and Investment Fund Balance - December 31</b>							
<b>Restricted for:</b>							
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	654	-	-	-	-	3,098
Health and welfare	-	-	-	-	-	-	-
Other purposes	-	-	1,000	118	7	-	-
Unrestricted	(2,803)	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<b><u>\$ (2,803)</u></b>	<b><u>\$ 654</u></b>	<b><u>\$ 1,000</u></b>	<b><u>\$ 118</u></b>	<b><u>\$ 7</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 3,098</u></b>

MORGAN COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2005  
 (Continued)

	County Park Development	County Economic Development	Juvenile Accountability Incentive Block Grant 2005	Juvenile Accountability Incentive Block Grant 2003-04	Boot Camp Fees	Clerk's Records Perpetuation	Tobacco Settlement
<b>Receipts:</b>							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	15,000	-	-	-	30,486
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	10,800	-	-	1,367	10,786	-
Other	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>10,800</b>	<b>15,000</b>	<b>-</b>	<b>1,367</b>	<b>10,786</b>	<b>30,486</b>
<b>Disbursements:</b>							
General government	6,750	32,150	-	-	-	12,867	-
Public safety	-	-	12,384	683	1,434	-	-
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	11,230
Capital outlay:							
Highways and streets	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>6,750</b>	<b>32,150</b>	<b>12,384</b>	<b>683</b>	<b>1,434</b>	<b>12,867</b>	<b>11,230</b>
Excess (deficiency) of receipts over disbursements	(6,750)	(21,350)	2,616	(683)	(67)	(2,081)	19,256
<b>Other financing sources (uses)</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,750)	(21,350)	2,616	(683)	(67)	(2,081)	19,256
Cash and investment fund balance - beginning	8,750	21,650	-	2,860	5,590	8,437	61,605
Cash and investment fund balance - ending	<u>\$ 2,000</u>	<u>\$ 300</u>	<u>\$ 2,616</u>	<u>\$ 2,177</u>	<u>\$ 5,523</u>	<u>\$ 6,356</u>	<u>\$ 80,861</u>
<b>Cash and Investment Assets - December 31</b>							
<b>Restricted assets:</b>							
Cash and investments	<u>\$ 2,000</u>	<u>\$ 300</u>	<u>\$ 2,616</u>	<u>\$ 2,177</u>	<u>\$ 5,523</u>	<u>\$ 6,356</u>	<u>\$ 80,861</u>
<b>Cash and Investment Fund Balance - December 31</b>							
<b>Restricted for:</b>							
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	300	2,616	2,177	5,523	-	-
Health and welfare	-	-	-	-	-	-	80,861
Other purposes	2,000	-	-	-	-	6,356	-
Unrestricted	-	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<b><u>\$ 2,000</u></b>	<b><u>\$ 300</u></b>	<b><u>\$ 2,616</u></b>	<b><u>\$ 2,177</u></b>	<b><u>\$ 5,523</u></b>	<b><u>\$ 6,356</u></b>	<b><u>\$ 80,861</u></b>

MORGAN COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2005  
 (Continued)

	Prosecutor's Victim Assistance 2004-05	Prosecutor's Victim Assistance 2005-06	Community Corrections Prevention	Waverly Sewer	Wiser Addition Sewer	Sartor Ditch	Homeland Security Grant
Receipts:							
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	15,916	11,132	-	-	-	-	199,637
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other	-	-	-	1,500	9,500	-	-
<b>Total receipts</b>	<b>15,916</b>	<b>11,132</b>	<b>-</b>	<b>1,500</b>	<b>9,500</b>	<b>-</b>	<b>199,637</b>
Disbursements:							
General government	-	-	-	-	-	-	-
Public safety	16,545	15,760	793	-	-	-	493,039
Highways and streets	-	-	-	-	-	-	-
Sanitation	-	-	-	1,500	9,500	-	-
Health and welfare	-	-	-	-	-	-	-
Capital outlay:							
Highways and streets	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>16,545</b>	<b>15,760</b>	<b>793</b>	<b>1,500</b>	<b>9,500</b>	<b>-</b>	<b>493,039</b>
Excess (deficiency) of receipts over disbursements	(629)	(4,628)	(793)	-	-	-	(293,402)
Other financing sources (uses)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(1,542)	-
Other receipts	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,542)</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(629)	(4,628)	(793)	-	-	(1,542)	(293,402)
Cash and investment fund balance - beginning	629	-	793	-	-	1,542	293,402
Cash and investment fund balance - ending	\$ -	\$ (4,628)	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Cash and Investment Assets - December 31</u>							
Restricted assets:							
Cash and investments	\$ -	\$ (4,628)	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Cash and Investment Fund Balance - December 31</u>							
Restricted for:							
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-
Unrestricted	-	(4,628)	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<b>\$ -</b>	<b>\$ (4,628)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

MORGAN COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2005  
 (Continued)

	Help America Vote Act	Local Emergency Planning	Community Emergency Response Team	Plat Book	Drainage Plat Review	County Sales Disclosure
<b>Receipts:</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	241,998	-	1,476	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	2,750	4,066	9,725
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>241,998</b>	<b>-</b>	<b>1,476</b>	<b>2,750</b>	<b>4,066</b>	<b>9,725</b>
<b>Disbursements:</b>						
General government	241,998	-	-	-	2,488	-
Public safety	-	-	1,349	-	-	-
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay:						
Highways and streets	-	-	-	-	-	-
<b>Total disbursements</b>	<b>241,998</b>	<b>-</b>	<b>1,349</b>	<b>-</b>	<b>2,488</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	-	-	127	2,750	1,578	9,725
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	127	2,750	1,578	9,725
Cash and investment fund balance - beginning	-	4,821	140	-	1,434	4,063
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 4,821</u>	<u>\$ 267</u>	<u>\$ 2,750</u>	<u>\$ 3,012</u>	<u>\$ 13,788</u>
<b>Cash and Investment Assets - December 31</b>						
<b>Restricted assets:</b>						
Cash and investments	<u>\$ -</u>	<u>\$ 4,821</u>	<u>\$ 267</u>	<u>\$ 2,750</u>	<u>\$ 3,012</u>	<u>\$ 13,788</u>
<b>Cash and Investment Fund Balance - December 31</b>						
<b>Restricted for:</b>						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	4,821	267	-	-	-
Health and welfare	-	-	-	-	-	-
Other purposes	-	-	-	2,750	3,012	13,788
Unrestricted	-	-	-	-	-	-
<b>Total cash and investment fund balance - December 31</b>	<u><b>\$ -</b></u>	<u><b>\$ 4,821</b></u>	<u><b>\$ 267</b></u>	<u><b>\$ 2,750</b></u>	<u><b>\$ 3,012</b></u>	<u><b>\$ 13,788</b></u>

MORGAN COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2005  
 (Continued)

	Child Psychiatric Res. Treatment	CDBG Owner Occupied Rehabilitation	Local Health Bioterrorism	Health Bio-Terrorism 2005-06	K-9 Donation	Sheriff's Commissary
<b>Receipts:</b>						
Taxes	\$ 59,872	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	-	-	-	-	-	-
Intergovernmental	9,863	-	37,405	6,330	-	-
Charges for services	-	-	-	-	-	300,251
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	-	6,995	-
<b>Total receipts</b>	<b>69,735</b>	<b>-</b>	<b>37,405</b>	<b>6,330</b>	<b>6,995</b>	<b>300,251</b>
<b>Disbursements:</b>						
General government	-	-	-	-	-	-
Public safety	-	-	44,544	16,035	7,419	296,169
Highways and streets	-	-	-	-	-	-
Sanitation	-	-	-	-	-	-
Health and welfare	33,148	-	-	-	-	-
Capital outlay:						
Highways and streets	-	-	-	-	-	-
<b>Total disbursements</b>	<b>33,148</b>	<b>-</b>	<b>44,544</b>	<b>16,035</b>	<b>7,419</b>	<b>296,169</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>36,587</b>	<b>-</b>	<b>(7,139)</b>	<b>(9,705)</b>	<b>(424)</b>	<b>4,082</b>
<b>Other financing sources (uses)</b>						
Transfers in	-	-	-	-	-	-
Transfers out	(40,219)	-	-	-	-	-
Other receipts	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(40,219)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(3,632)</b>	<b>-</b>	<b>(7,139)</b>	<b>(9,705)</b>	<b>(424)</b>	<b>4,082</b>
Cash and investment fund balance - beginning	50,214	-	16,974	-	424	204,781
<b>Cash and investment fund balance - ending</b>	<b>\$ 46,582</b>	<b>\$ -</b>	<b>\$ 9,835</b>	<b>\$ (9,705)</b>	<b>\$ -</b>	<b>\$ 208,863</b>
<b>Cash and Investment Assets - December 31</b>						
<b>Restricted assets:</b>						
Cash and investments	\$ 46,582	\$ -	\$ 9,835	\$ (9,705)	\$ -	\$ 208,863
<b>Cash and Investment Fund Balance - December 31</b>						
<b>Restricted for:</b>						
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	208,863
Health and welfare	46,582	-	-	-	-	-
Other purposes	-	-	9,835	-	-	-
Unrestricted	-	-	-	(9,705)	-	-
<b>Total cash and investment fund balance - December 31</b>	<b>\$ 46,582</b>	<b>\$ -</b>	<b>\$ 9,835</b>	<b>\$ (9,705)</b>	<b>\$ -</b>	<b>\$ 208,863</b>

MORGAN COUNTY  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2005  
 (Continued)

	Greenway Study	Fatal Alcohol Crash Team	HUD Grant Madison Township	Economic Development Income Tax	Totals
<b>Receipts:</b>					
Taxes	\$ -	\$ -	\$ -	\$ 2,215,464	\$ 2,779,662
Licenses and permits	-	-	-	-	94,754
Intergovernmental	-	-	65,088	-	5,494,892
Charges for services	-	-	-	-	858,355
Fines and forfeits	-	-	-	-	959,200
Other	-	1,000	-	-	1,542,975
<b>Total receipts</b>	<b>-</b>	<b>1,000</b>	<b>65,088</b>	<b>2,215,464</b>	<b>11,729,838</b>
<b>Disbursements:</b>					
General government	1,573	-	65,088	-	709,281
Public safety	-	-	-	-	2,426,120
Highways and streets	-	-	-	-	3,512,899
Sanitation	-	-	-	-	11,000
Health and welfare	-	-	-	-	1,736,743
Capital outlay:					
Highways and streets	-	-	-	1,882,259	1,882,259
<b>Total disbursements</b>	<b>1,573</b>	<b>-</b>	<b>65,088</b>	<b>1,882,259</b>	<b>10,278,302</b>
Excess (deficiency) of receipts over disbursements	(1,573)	1,000	-	333,205	1,451,536
<b>Other financing sources (uses)</b>					
Transfers in	-	-	-	-	407,014
Transfers out	-	-	-	-	(449,376)
Other receipts	-	-	-	-	32,551
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(9,811)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,573)	1,000	-	333,205	1,441,725
Cash and investment fund balance - beginning	3,882	-	-	2,230	6,940,082
Cash and investment fund balance - ending	<u>\$ 2,309</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 335,435</u>	<u>\$ 8,381,807</u>
<b>Cash and Investment Assets - December 31</b>					
<b>Restricted assets:</b>					
Cash and investments	<u>\$ 2,309</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 335,435</u>	<u>\$ 8,381,807</u>
<b>Cash and Investment Fund Balance - December 31</b>					
<b>Restricted for:</b>					
Highways and streets	\$ -	\$ -	\$ -	\$ -	\$ 1,398,396
Public safety	-	1,000	-	-	3,110,785
Health and welfare	-	-	-	-	202,398
Other purposes	2,309	-	-	335,435	3,687,364
Unrestricted	-	-	-	-	(17,136)
<b>Total cash and investment fund balance - December 31</b>	<u><b>\$ 2,309</b></u>	<u><b>\$ 1,000</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 335,435</b></u>	<u><b>\$ 8,381,807</b></u>

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, 2005

	Group Insurance Fund
Operating receipts:	
Other	<u>\$ 1,134,511</u>
Operating disbursements:	
Insurance disbursements	<u>1,234,941</u>
Excess (deficiency) of receipts over disbursements	(100,430)
Cash and investment fund balance - beginning	<u>420,225</u>
Cash and investment fund balance - ending	<u><u>\$ 319,795</u></u>
<u>Cash and Investment Assets - December 31</u>	
Restricted assets:	
Cash and investments	<u><u>\$ 319,795</u></u>
<u>Cash and Investment Fund Balance - December 31</u>	
Restricted for:	
Other purposes	<u><u>\$ 319,795</u></u>

MORGAN COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 PENSION TRUST FUND  
 For The Year Ended December 31, 2005

	<u>Sheriff's Pension Trust</u>
Additions:	
Contributions:	
Employer	\$ 326,997
Plan members	<u>28,224</u>
Total contributions	<u>355,221</u>
Investment receipts:	
Net increase in investments	153,495
Interest	88,982
Dividends	<u>-</u>
Total investment receipts	242,477
Less investment disbursements	<u>-</u>
Net investment receipts	<u>242,477</u>
Total additions	<u>597,698</u>
Deductions:	
Benefits	111,054
Refunds of contributions	3,636
Administrative and general	<u>61,749</u>
Total deductions	<u>176,439</u>
Excess of total additions over total deductions	421,259
Cash and investment fund balance - beginning	<u>2,750,744</u>
Cash and investment fund balance - ending	<u><u>\$ 3,172,003</u></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, 2005

	Congressional School Principal
Cash and investment fund balance - beginning	\$ 20,880
Cash and investment fund balance - ending	\$ 20,880

MORGAN COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For The Year Ended December 31, 2005

	Children with Special Health Care Needs	Hospital Care for the Indigent	Surplus Dog Tax	Interstate Compact	CEDIT/ Homestead Credit	Education Plate Fee	Tax Sale Redemption
Additions:							
Agency fund additions	\$ 95,054	\$ 353,993	\$ 5,726	\$ 112	\$ 806,281	\$ 4,200	\$ 158,708
Deductions:							
Agency fund deductions	<u>95,054</u>	<u>353,993</u>	<u>5,726</u>	<u>112</u>	<u>831,807</u>	<u>3,675</u>	<u>158,708</u>
Excess (deficiency) of total additions over total deductions	-	-	-	-	(25,526)	525	-
Cash and investment fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>38</u>	<u>42,666</u>	<u>-</u>	<u>-</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38</u>	<u>\$ 17,140</u>	<u>\$ 525</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, 2005  
 (Continued)

	<u>Tax Sale Surplus</u>	<u>Court Fees</u>	<u>Inheritance Tax</u>	<u>Surplus Tax</u>	<u>Congressional Interest</u>	<u>State Sales Disclosure</u>	<u>Sales Disclosure State General</u>
Additions:							
Agency fund additions	\$ 907,557	\$ 159,615	\$ 864,964	\$ 51,297	\$ 265	\$ 3,720	\$ 6,095
Deductions:							
Agency fund deductions	<u>1,077,290</u>	<u>160,346</u>	<u>918,278</u>	<u>65,240</u>	<u>835</u>	<u>4,256</u>	<u>5,514</u>
Excess (deficiency) of total additions over total deductions	(169,733)	(731)	(53,314)	(13,943)	(570)	(536)	581
Cash and investment fund balance - beginning	<u>896,423</u>	<u>13,365</u>	<u>492,934</u>	<u>69,367</u>	<u>11,798</u>	<u>536</u>	<u>134</u>
Cash and investment fund balance - ending	<u>\$ 726,690</u>	<u>\$ 12,634</u>	<u>\$ 439,620</u>	<u>\$ 55,424</u>	<u>\$ 11,228</u>	<u>\$ -</u>	<u>\$ 715</u>

MORGAN COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For the Year Ended December 31, 2005  
 (Continued)

	Coroner's Training and Education	Tax Distributions	Payroll Withholdings	County Payroll	Welfare Trust	Sewage Collections	City/Town Court Costs
Additions:							
Agency fund additions	\$ 2,373	\$ 56,997,700	\$ 8,280,849	\$ 7,550,423	\$ 3,861	\$ -	\$ 11,602
Deductions:							
Agency fund deductions	<u>2,319</u>	<u>56,997,700</u>	<u>8,282,425</u>	<u>7,550,423</u>	<u>4,333</u>	<u>-</u>	<u>12,741</u>
Excess (deficiency) of total additions over total deductions	54	-	(1,576)	-	(472)	-	(1,139)
Cash and investment fund balance - beginning	<u>118</u>	<u>-</u>	<u>147,093</u>	<u>-</u>	<u>12,580</u>	<u>-</u>	<u>6,790</u>
Cash and investment fund balance - ending	<u>\$ 172</u>	<u>\$ -</u>	<u>\$ 145,517</u>	<u>\$ -</u>	<u>\$ 12,108</u>	<u>\$ -</u>	<u>\$ 5,651</u>

MORGAN COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For the Year Ended December 31, 2005  
 (Continued)

	County Recorder	Commercial Vehicle Excise Tax Distributions	Financial Institutions Tax Distributions	Wheel Tax	Mortgage Fees	Special Death Benefits	County Treasurer
Additions:							
Agency fund additions	\$ 417,417	\$ 408,612	\$ 264,720	\$ 114,427	\$ 13,747	\$ 3,200	\$ 67,221,044
Deductions:							
Agency fund deductions	420,005	408,612	264,720	114,427	12,620	2,760	66,931,294
Excess (deficiency) of total additions over total deductions	(2,588)	-	-	-	1,127	440	289,750
Cash and investment fund balance - beginning	31,213	-	-	-	-	-	604,091
Cash and investment fund balance - ending	<u>\$ 28,625</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,127</u>	<u>\$ 440</u>	<u>\$ 893,841</u>

MORGAN COUNTY  
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 AGENCY FUNDS  
 For the Year Ended December 31, 2005  
 (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	\$ 1,780,267	\$ 553,340	\$ 131,066	\$ 9,318,015	\$ 97,137
Deductions:					
Agency fund deductions	<u>1,791,955</u>	<u>559,848</u>	<u>134,953</u>	<u>9,381,820</u>	<u>97,137</u>
Excess (deficiency) of total additions over total deductions	(11,688)	(6,508)	(3,887)	(63,805)	-
Cash and investment fund balance - beginning	<u>29,830</u>	<u>82,678</u>	<u>10,005</u>	<u>1,071,447</u>	<u>35</u>
Cash and investment fund balance - ending	<u>\$ 18,142</u>	<u>\$ 76,170</u>	<u>\$ 6,118</u>	<u>\$ 1,007,642</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, 2005  
 (Continued)

	Prosecutor's Bad Check	Prosecutor's Miscellaneous Trust	Prosecutor's Trust	Sheriff's Inmate Trust	Total
Additions:					
Agency fund additions	\$ 9,770	\$ 1,000	\$ 41,856	\$ 241,387	\$ 156,881,400
Deductions:					
Agency fund deductions	<u>9,770</u>	<u>1,100</u>	<u>41,856</u>	<u>238,800</u>	<u>156,942,452</u>
Excess (deficiency) of total additions over total deductions	-	(100)	-	2,587	(61,052)
Cash and investment fund balance - beginning	<u>-</u>	<u>452</u>	<u>-</u>	<u>13,639</u>	<u>3,537,232</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 352</u>	<u>\$ -</u>	<u>\$ 16,226</u>	<u>\$ 3,476,180</u>

MORGAN COUNTY  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT

For The Year Ended December 31, 2005

CAPITAL LEASES

The Unit 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	\$ 197,413	\$ 4,664
John Deere Motor Grader	134,470	102,348	9,964
Highway Paver	105,014	70,615	22,528
Ingersoll-Rand DD70 Roller	53,100	35,703	11,390
Highway Gradall	179,828	37,737	37,737

MORGAN COUNTY  
OTHER REPORTS

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

Board of County Commissioners  
Clerk of the Circuit Court

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
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, 2005. 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 2005-1 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, 2005.

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 item 2005-1.

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, 2005

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/State's Program	14.228	PL-01-047	\$ 9,500
Community Development Block Grants/Brownsfield Economic Development Initiative	14.246	B-03-SP-IN-0242	65,088
Total for federal grantor agency			<u>74,588</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Pass-Through Indiana Department of Justice Juvenile Accountability Incentive Block	16.523	02-JB-047 03-JB-067	683 <u>12,384</u>
Total for program			<u>13,067</u>
Crime Victim Assistance	16.575	04VA123 05VA100	15,957 <u>15,760</u>
Total for program			<u>31,717</u>
Violence Against Women Formula Grants	16.588	04ST043 05ST040	10,491 <u>6,166</u>
Total for program			<u>16,657</u>
Bullet Proof Vest Partnership Program FY05	16.607		<u>2,546</u>
Total for federal grantor agency			<u>63,987</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>3,848</u>
Alcohol Traffic Safety and Drunk Driving FY04	20.601		<u>11,362</u>
Total for cluster			<u>15,210</u>
Total for federal grantor agency			<u>15,210</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, 2005  
(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. GENERAL SERVICES ADMINISTRATION</u>			
Pass-Through Indiana Secretary of State Election Reform Payments Title III	39.011		<u>241,998</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through Indiana Department of Health Centers for Disease Control Prevention	93.283		
		U93/CCU517024-05	44,544
		U93/CCU517024-06	<u>16,035</u>
Total for program			<u>60,579</u>
Pass-Through Indiana Family and Social Services Administration Child Support Enforcement Clerk's Expenditures Prosecutor's Expenditures Collection Incentives Indirect Costs	93.563		34,867 159,293 75,002 <u>29,371</u>
Total for program			<u>298,533</u>
Total for federal grantor agency			<u>359,112</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security Homeland Security Cluster Homeland Security Grant Program FY05	97.004		<u>292,866</u>
Total for cluster			<u>292,866</u>
Community Emergency Response Team FY05	97.054		<u>1,349</u>
Total for federal grantor agency			<u>294,215</u>
Total federal awards expended			<u>\$ 1,049,110</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 Child Support Enforcement 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
93.563	Child Support Enforcement

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

Auditee qualified as low-risk auditee? 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 2005-1, 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 Department of Homeland Security

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**

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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**

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 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.