

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

ANNUAL FINANCIAL REPORT

2008

MORGAN COUNTY, INDIANA



FILED

09/30/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Brenda Adams	01-01-07 to 12-31-10
Treasurer	Dena Burkett	01-01-05 to 12-31-12
Clerk	Marguerite (Peggy) Mayfield	01-01-07 to 12-31-10
Sheriff	Robert Gardner	01-01-07 to 12-31-10
Recorder	Karen Brummett Pamela Kivett	01-01-05 to 12-31-08 01-01-09 to 12-31-12
President of the Board of County Commissioners	Norman Voyles	01-01-08 to 12-31-09
President of the County Council	Kenneth L. Hale	01-01-08 to 12-31-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF MORGAN COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Morgan County (County), as of and for the year ended December 31, 2008, 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, 2009, 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 September 15, 2009, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Combining Schedules, as listed in the Table of Contents, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Long-Term Debt has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on it

STATE BOARD OF ACCOUNTS

September 15, 2009



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

TO: THE OFFICIALS OF MORGAN COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Morgan County (County), as of and for the year ended December 31, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 15, 2009. The opinions to the financial statements were qualified due to the omission of a number of component units of the County. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

STATE BOARD OF ACCOUNTS

September 15, 2009

MORGAN COUNTY
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For The Year Ended December 31, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>			<u>Net (Disbursement) Receipt and Changes in Net Assets</u>
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	<u>Primary Governmental Activities</u>
Primary government:					
Governmental activities:					
General government	\$ 16,437,962	\$ 1,138,596	\$ 106,442	\$ -	\$ (15,192,924)
Public safety	6,080,163	2,193,489	56,435	867,584	(2,962,655)
Highways and streets	4,038,025	-	1,781,532	599,598	(1,656,895)
Sanitation	-	6,883	-	-	6,883
Health and welfare	2,533,877	133,143	233,854	-	(2,166,880)
Economic development	-	-	-	500,000	500,000
Culture and recreation	10,114	-	-	-	(10,114)
Total primary government	<u>\$ 29,100,141</u>	<u>\$ 3,472,111</u>	<u>\$ 2,178,263</u>	<u>\$ 1,967,182</u>	<u>(21,482,585)</u>
General receipts:					
Property taxes					8,345,359
Income taxes					5,566,619
Intergovernmental					2,841,016
Other local sources					6,053,753
Grants and contributions not restricted to specific programs					481,772
Investment earnings					<u>1,497,099</u>
Total general receipts					<u>24,785,618</u>
Change in net assets					3,303,033
Net assets - beginning					<u>27,420,380</u>
Net assets - ending					<u>\$ 30,723,413</u>
 <u>Assets</u>					
Cash and investments					\$ 16,891,485
Cash with fiscal agent					489,767
Restricted assets:					
Cash and investments					<u>13,342,161</u>
Total assets					<u>\$ 30,723,413</u>
 <u>Net Assets</u>					
Restricted for:					
General government					\$ 46,000
Public safety					1,695,603
Highways and streets					1,639,836
Health and welfare					1,663,979
Capital outlay					8,296,743
Unrestricted					<u>17,381,252</u>
Total net assets					<u>\$ 30,723,413</u>

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

MORGAN COUNTY
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2008

	General	Highway	Cumulative Capital Development	Other Governmental Funds	Totals
Receipts:					
Taxes	\$ 10,368,696	\$ -	\$ 612,243	\$ 6,895,570	\$ 17,876,509
Licenses and permits	87,695	-	-	-	87,695
Intergovernmental	878,855	2,407,074	784,019	3,517,114	7,587,062
Charges for services	1,019,441	-	-	1,433,904	2,453,345
Fines and forfeits	347,823	-	-	394,904	742,727
Other	1,077,774	2,568	111,768	297,576	1,489,686
Total receipts	13,780,284	2,409,642	1,508,030	12,539,068	30,237,024
Disbursements:					
General government	8,174,617	-	874,366	3,307,379	12,356,362
Public safety	4,753,678	-	-	965,321	5,718,999
Highways and streets	-	2,852,755	-	1,034,461	3,887,216
Health and welfare	200,745	-	-	2,333,132	2,533,877
Culture and recreation	10,114	-	-	-	10,114
Capital outlay:					
General government	324,581	-	369,687	1,676,955	2,371,223
Public safety	21,630	-	-	339,534	361,164
Highways and streets	-	150,809	-	-	150,809
Total disbursements	13,485,365	3,003,564	1,244,053	9,656,782	27,389,764
Excess (deficiency) of receipts over disbursements	294,919	(593,922)	263,977	2,882,286	2,847,260
Other financing sources (uses):					
Transfers in	-	-	-	1,051,103	1,051,103
Transfers out	(1,051,103)	-	-	-	(1,051,103)
Other receipts	193,345	10,348	146,651	66,870	417,214
Total other financing sources (uses)	(857,758)	10,348	146,651	1,117,973	417,214
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(562,839)	(583,574)	410,628	4,000,259	3,264,474
Cash and investment fund balance - beginning	5,180,791	1,256,268	4,659,993	15,872,120	26,969,172
Cash and investment fund balance - ending	<u>\$ 4,617,952</u>	<u>\$ 672,694</u>	<u>\$ 5,070,621</u>	<u>\$ 19,872,379</u>	30,233,646
Amounts reported for governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis are different because: Internal services funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.					
					<u>489,767</u>
Net assets of governmental activities					<u>\$ 30,723,413</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ 4,617,952	\$ -	\$ -	\$ 12,315,708	\$ 16,933,660
Restricted assets:					
Cash and investments	-	672,694	5,070,621	7,556,671	13,299,986
Total cash and investment assets - ending	<u>\$ 4,617,952</u>	<u>\$ 672,694</u>	<u>\$ 5,070,621</u>	<u>\$ 19,872,379</u>	<u>\$ 30,233,646</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
General government	\$ -	\$ -	\$ -	\$ 46,000	\$ 46,000
Public safety	-	-	-	1,695,603	1,695,603
Highways and streets	-	672,694	-	967,142	1,639,836
Health and welfare	-	-	-	1,637,545	1,637,545
Capital outlay	-	-	5,070,621	3,210,381	8,281,002
Unrestricted	4,617,952	-	-	12,315,708	16,933,660
Total cash and investment fund balance - ending	<u>\$ 4,617,952</u>	<u>\$ 672,694</u>	<u>\$ 5,070,621</u>	<u>\$ 19,872,379</u>	<u>\$ 30,233,646</u>

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

MORGAN COUNTY
STATEMENT OF ASSETS AND FUND BALANCES AND
RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUND
As Of And For The Year Ended December 31, 2008

	Internal Service Fund
Operating receipts:	
Insurance contributions	\$ 1,566,977
Other	181,961
Total operating receipts	1,748,938
Operating disbursements:	
Insurance premiums	223,985
Insurance benefits	1,427,261
Other	59,133
Total operating disbursements	1,710,379
Excess (deficiency) of receipts over disbursements	38,559
Cash and investment fund balance - beginning	451,208
Cash and investment fund balance - ending	\$ 489,767
<u>Cash and Investment Assets - December 31</u>	
Cash with fiscal agent	\$ 489,767
<u>Cash and Investment Fund Balance - December 31</u>	
Restricted for:	
Other purposes	\$ 489,767

MORGAN COUNTY
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For The Year Ended December 31, 2008

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Employer	\$ 282,352	\$ -	
Plan members	33,334	-	
Total contributions	315,686	-	
Investment earnings:			
Interest	152,979	-	
Less investment disbursements	(389,063)	-	
Net investment earnings	(236,084)	-	
Total additions	79,602	-	
Deductions:			
Benefits	137,202	-	
Administrative and general	64,298	20,880	
Total deductions	201,500	20,880	
Deficiency of total additions over total deductions	(121,898)	(20,880)	
Cash and investment fund balance - beginning	4,255,918	20,880	
Cash and investment fund balance - ending	\$ 4,134,020	\$ -	\$ 5,459,225

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

MORGAN COUNTY
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The County was established under the laws of the State of Indiana. The County operates under a Council-Commissioner form of government and provides the following services: public safety (police), highways and streets, health welfare and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

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

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

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

The Morgan Hospital and Medical Center, Monroe Township Fire Protection District, and Harrison Township Fire Protection District, discretely presented component units, have been omitted from these financial statements. Accordingly, the financial statements do not include the data of all of the County's component units necessary to fairly present the financial position of the County.

Related Organizations

The County's officials are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments. The County appoints the board members of the Morgan County Library, Hoosier Heartland RC&D, Mooresville Public Library, Morgan County Economic Development Commission, and Morgan County Economic Development Corporation.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds,

MORGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

The County reports the following major governmental funds:

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

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

The cumulative capital development fund receives collections from the taxes that the County levies on the assessed valuation of all taxable personal and real property within the County. The taxes collected may be used for the cost of repairs or purchase of equipment, machinery, or buildings.

Additionally, the County reports the following fund types:

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

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

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the school corporations within the County.

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

C. Measurement Focus and Basis of Accounting

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

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

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

MORGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the County in June and in December. State statute (Indiana Code 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to December 31 of the year collected.

3. 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.

4. 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.

5. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

MORGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

Fund Financial Statements

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

E. Receipts and Disbursements

1. Program Receipts

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

2. Operating Receipts and Disbursements

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

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

- 1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
- 2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
- 3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

MORGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Government-Wide Financial Statements

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

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

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

Prior to the first required publication, the fiscal officer of the County submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or high-way 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, 2008, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

MORGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund	2008
Bulletproof Vests Grant	\$ 999
DUI Task Force	1,297
Stop Violence Against Women Grant	2,242
Victim Assistance	6,168

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.

The above funds with deficit balances are reimbursable grants that have not received their reimbursement by December 31, 2008.

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. The County does not have a deposit policy for custodial credit risk. At December 31, 2008, the bank balance held at Morgan Stanley Trust in the Amount of \$4,134,020 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-County's Sheriff's Pension. The remaining bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund which covers all public funds held in approved depositories.

2. Investments

As of December 31, 2008, the County and the Sheriff's Retirement and Benefit Plan had the following investments:

Investment Type	Sheriff's Retirement and Benefit Pension Plans
U.S. treasuries and securities	\$ 540,022
U.S. agencies	437,373
Mutual funds	289,559
Debt securities	260,421
Repurchase agreements	2,606,645
Total	\$ 4,134,020

MORGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Statutory Authorization for Investments

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

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

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

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

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The County does not have a formal investment policy for custodial credit risk for investments.

The Sheriff's Merit Board has not adopted an investment policy for custodial credit risk for investments. At December 31, 2008, the Sheriff's Retirement and Benefit Pension Plans held investments in corporate stock, corporate debt securities, mutual funds, and government enterprises in the amount of \$4,134,020. All of these investments were held by the investment's counterparty, not in the name of the Sheriff's Pension Plan.

MORGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Sheriff's Retirement and Benefit Pension Plans:

Investment Type	2008 Not in the Government's Name
U.S. treasuries and securities	\$ 540,022
U.S. agencies	437,373
Mutual funds	289,559
Debt securities	260,421
Repurchase agreements	2,606,645
Total	\$ 4,134,020

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The County must follow state statute and limit the stated final maturities of the investments to no more than two years. The County does not have a formal investment policy for interest rate risk for investments.

The Sheriff's Merit Board has not adopted a formal investment policy for interest rate risk.

Sheriff's Retirement and Benefit Pension Plans:

Investment Type	Investment Maturities (in Years)		
	Less Than 1	1-2	More Than 2
U.S. treasuries and securities	\$ 56,061	\$ 255,739	\$ 228,222
U.S. agencies	26,839	202,989	207,543
Repurchase agreements	2,403,171	18,980	184,494
Totals	\$ 2,486,071	\$ 477,708	\$ 620,259

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. The County does not have a formal investment policy for credit risk for investments.

The Sheriff's Merit Board has not adopted a policy for credit risk.

MORGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Sheriff's Retirement and Benefit Pension Plans:

<u>Standard and Poor's Rating</u>	<u>Moody's Rating</u>	<u>Debt Securities</u>	<u>U.S. Agencies</u>	<u>Repurchase Agreements</u>
AAA	Aaa	\$ 22,814	\$ -	\$ -
AA	Aa	20,280	-	-
A	A	134,219	-	-
BBB	Baa	46,125	-	-
Unrated	Unrated	<u>12,134</u>	<u>2,606,645</u>	<u>425,648</u>
Totals		<u>\$ 235,572</u>	<u>\$ 2,606,645</u>	<u>\$ 425,648</u>

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

The Sheriff's Merit Board has not adopted a policy for the concentration of credit risk.

The County and the Sheriff's Retirement and Benefit Pension Plan held the following investments that were exposed to concentration of credit risk:

Sheriff's Retirement and Benefit Pension Plans:

<u>Issuer</u>	<u>2008</u>
U.S. treasuries and securities	\$ 540,022
U.S. agencies	437,373
Mutual funds	289,559
Debt securities	260,421
Repurchase agreements	<u>2,606,645</u>
Total	<u>\$ 4,134,020</u>

Foreign Currency Risk

The County does not have a formal policy in regards to foreign currency risk. At December 31, 2008, the County does not have any investments denominated in foreign currency.

The Sheriff's Merit Board has not adopted a formal policy in regards to foreign currency risk. At December 31, 2008, the Sheriff's Retirement and Benefit Plans does not have any investments denominated in foreign currency.

MORGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2008, were as follows:

Transfer From	Transfer To	2008
General Fund	Other governmental funds	<u>\$ 1,051,103</u>

The County typically uses transfers for cash flow purposes as provided by various statutory provisions.

IV. Other Information

A. Risk Management

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

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

Medical Benefits to Employees, Retirees, and Dependents

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

Job Related Illnesses or Injuries to Employees

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

MORGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Administration of Welfare Programs

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

C. Pension Plans

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

1. Public Employees' Retirement Fund

Plan Description

The County contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (Indiana Code 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 (Indiana Code 36-8-10-12) for full-time police officers. The plan provides retirement,

MORGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

death, and disability benefits to plan members and beneficiaries. The trustee issues a publicly available financial report that includes financial statements and required supplementary information of the plan. The report may be obtained by contacting the county sheriff.

Funding Policy and Annual Pension Cost

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

3. County Police Benefit Plan

Plan Description

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

Funding Policy and Annual Pension Cost

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

Actuarial Information for the Above Plans

	<u>PERF</u>	<u>County Police Retirement Plan</u>	<u>County Police Benefit Plan</u>
Annual required contribution	\$ 439,731	\$ 248,069	\$ 9,234
Interest on net pension obligation	(12,426)	(191)	-
Adjustment to annual required contribution	<u>14,160</u>	<u>388</u>	<u>-</u>
Annual pension cost	441,465	248,266	9,234
Contributions made	<u>402,068</u>	<u>263,837</u>	<u>9,234</u>
Increase (decrease) in net pension obligation	39,397	(15,571)	-
Net pension obligation, beginning of year	<u>(171,394)</u>	<u>(2,722)</u>	<u>-</u>
Net pension obligation, end of year	<u>\$ (131,997)</u>	<u>\$ (18,293)</u>	<u>\$ -</u>

MORGAN COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

	PERF	County Police Retirement Plan	County Police Benefit Plan
Contribution rates:			
County	5%	31%	1%
Plan members	3%	6%	0%
Actuarial valuation date	07-01-08	01-01-08	01-01-08
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed	Level percentage of projected payroll, closed
Amortization period	30 years	30 years	30 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

<u>Actuarial Assumptions</u>	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	06-30-06	\$ 366,822	87%	\$ (259,228)
	06-30-07	433,298	80%	(171,394)
	06-30-08	441,465	91%	(131,997)
County Police Retirement Plan	12-31-06	311,514	108%	11,314
	12-31-07	296,915	105%	(2,722)
	12-31-08	248,069	106%	(18,293)
County Police Benefit Plan	12-31-06	9,402	100%	-
	12-31-07	11,086	100%	-
	12-31-08	9,234	100%	-

MORGAN COUNTY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULES OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 5,822,563	\$ 6,681,782	\$ (859,219)	87%	\$ 6,373,985	(13%)
07-01-07	6,681,900	7,489,752	(807,852)	89%	6,387,843	(13%)
07-01-08	7,254,286	8,327,318	(1,073,032)	87%	6,676,913	(16%)

County Police Retirement Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
01-01-04	\$ 2,329,358	\$ 2,864,102	\$ (534,744)	81%	\$ 818,080	(65%)
01-01-05	2,610,094	3,118,033	(507,939)	84%	841,600	(60%)
01-01-06	3,055,002	3,499,887	(444,885)	87%	882,136	(50%)
01-01-07	3,596,265	3,997,990	(401,725)	90%	932,273	(43%)
01-01-08	4,142,647	5,284,789	(1,142,142)	78%	1,000,828	(114%)
01-01-09	3,987,782	5,773,794	(1,786,012)	69%	1,059,684	(169%)

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, 2008

	Local Road And Street	Accident Report	Firearms Training	Health	Law Enforcement Continuing Education	Clerk's Records Perpetuation
Receipts:						
Taxes	\$ 78,539	\$ -	\$ -	\$ 383,304	\$ -	\$ -
Intergovernmental	1,101,029	-	-	51,521	-	-
Charges for services	-	2,815	42,377	78,920	-	-
Fines and forfeits	-	-	-	-	5,342	10,780
Other	-	-	-	4,483	-	-
Total receipts	1,179,568	2,815	42,377	518,228	5,342	10,780
Disbursements:						
General government	-	-	-	-	-	65
Public safety	-	910	61,076	-	7,356	-
Highways and streets	746,957	-	-	-	-	-
Health and welfare	-	-	-	513,850	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	1,499	-	-	-	-
Total disbursements	746,957	2,409	61,076	513,850	7,356	65
Excess (deficiency) of receipts over disbursements	432,611	406	(18,699)	4,378	(2,014)	10,715
Other financing sources:						
Transfers in	-	-	-	-	-	-
Other receipts	-	-	5,700	-	-	-
Total other financing sources	-	-	5,700	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	432,611	406	(12,999)	4,378	(2,014)	10,715
Cash and investment fund balance - beginning	534,531	7,485	34,076	92,815	24,437	20,210
Cash and investment fund balance - ending	\$ 967,142	\$ 7,891	\$ 21,077	\$ 97,193	\$ 22,423	\$ 30,925
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 7,891	\$ 21,077	\$ -	\$ 22,423	\$ 30,925
Restricted assets:						
Cash and investments	967,142	-	-	97,193	-	-
Total cash and investment assets - ending	\$ 967,142	\$ 7,891	\$ 21,077	\$ 97,193	\$ 22,423	\$ 30,925
Cash and Investment Fund Balance - Ending						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	967,142	-	-	-	-	-
Health and welfare	-	-	-	97,193	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	7,891	21,077	-	22,423	30,925
Total cash and investment fund balance - ending	\$ 967,142	\$ 7,891	\$ 21,077	\$ 97,193	\$ 22,423	\$ 30,925

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, 2008
 (Continued)

	Emergency Telephone System	Drug Free Community	Emergency Planning/Right To Know	Property Reassessment	Extradition	Juvenile Probation Service
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ 259,975	\$ -	\$ -
Intergovernmental	223,960	-	7,070	34,900	-	-
Charges for services	378,182	-	-	-	-	22,348
Fines and forfeits	-	73,732	-	-	505	-
Other	-	360	-	81,178	-	-
Total receipts	602,142	74,092	7,070	376,053	505	22,348
Disbursements:						
General government	-	-	-	368,861	-	-
Public safety	331,928	62,910	1,704	-	1,427	43,492
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	10,051	-	-
Public safety	300,110	7,992	40	-	-	-
Total disbursements	632,038	70,902	1,744	378,912	1,427	43,492
Excess (deficiency) of receipts over disbursements	(29,896)	3,190	5,326	(2,859)	(922)	(21,144)
Other financing sources:						
Transfers in	-	-	-	-	-	-
Other receipts	35	-	-	-	-	-
Total other financing sources	35	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(29,861)	3,190	5,326	(2,859)	(922)	(21,144)
Cash and investment fund balance - beginning	1,725,464	105,010	31,554	2,976,288	922	54,016
Cash and investment fund balance - ending	<u>\$ 1,695,603</u>	<u>\$ 108,200</u>	<u>\$ 36,880</u>	<u>\$ 2,973,429</u>	<u>\$ -</u>	<u>\$ 32,872</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 108,200	\$ 36,880	\$ 2,973,429	\$ -	\$ 32,872
Restricted assets:						
Cash and investments	1,695,603	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 1,695,603</u>	<u>\$ 108,200</u>	<u>\$ 36,880</u>	<u>\$ 2,973,429</u>	<u>\$ -</u>	<u>\$ 32,872</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	1,695,603	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	108,200	36,880	2,973,429	-	32,872
Total cash and investment fund balance - ending	<u>\$ 1,695,603</u>	<u>\$ 108,200</u>	<u>\$ 36,880</u>	<u>\$ 2,973,429</u>	<u>\$ -</u>	<u>\$ 32,872</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, 2008
 (Continued)

	Adult Probation Services	Recorder's Records Perpetuation	Family And Children	Health Maintenance	Court Appointed Special Advocate	Plat Book
Receipts:						
Taxes	\$ -	\$ -	\$ 1,435,202	\$ -	\$ -	\$ -
Intergovernmental	-	-	399,665	36,644	8,104	-
Charges for services	245,294	89,661	6,431	4,280	-	17,275
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>245,294</u>	<u>89,661</u>	<u>1,841,298</u>	<u>40,924</u>	<u>8,104</u>	<u>17,275</u>
Disbursements:						
General government	-	179,929	-	-	9,572	-
Public safety	200,208	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	1,680,342	40,969	-	-
Capital outlay:						
General government	-	-	-	-	730	-
Public safety	791	-	-	-	-	-
Total disbursements	<u>200,999</u>	<u>179,929</u>	<u>1,680,342</u>	<u>40,969</u>	<u>10,302</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>44,295</u>	<u>(90,268)</u>	<u>160,956</u>	<u>(45)</u>	<u>(2,198)</u>	<u>17,275</u>
Other financing sources:						
Transfers in	-	-	-	-	-	-
Other receipts	-	-	-	1,000	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>44,295</u>	<u>(90,268)</u>	<u>160,956</u>	<u>955</u>	<u>(2,198)</u>	<u>17,275</u>
Cash and investment fund balance - beginning	<u>687,700</u>	<u>313,820</u>	<u>1,379,396</u>	<u>41,897</u>	<u>9,645</u>	<u>44,775</u>
Cash and investment fund balance - ending	<u>\$ 731,995</u>	<u>\$ 223,552</u>	<u>\$ 1,540,352</u>	<u>\$ 42,852</u>	<u>\$ 7,447</u>	<u>\$ 62,050</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 731,995	\$ 223,552	\$ -	\$ 42,852	\$ 7,447	\$ 62,050
Restricted assets:						
Cash and investments	-	-	1,540,352	-	-	-
Total cash and investment assets - ending	<u>\$ 731,995</u>	<u>\$ 223,552</u>	<u>\$ 1,540,352</u>	<u>\$ 42,852</u>	<u>\$ 7,447</u>	<u>\$ 62,050</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	1,540,352	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	<u>731,995</u>	<u>223,552</u>	<u>-</u>	<u>42,852</u>	<u>7,447</u>	<u>62,050</u>
Total cash and investment fund balance - ending	<u>\$ 731,995</u>	<u>\$ 223,552</u>	<u>\$ 1,540,352</u>	<u>\$ 42,852</u>	<u>\$ 7,447</u>	<u>\$ 62,050</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, 2008
 (Continued)

	Misdemeanant	Supplemental Public Defender Service	Jail Commissary	Surveyor's Corner Perpetuation	Jury Pay	Rainy Day
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 777,512
Intergovernmental	42,249	-	-	-	-	-
Charges for services	-	42,475	156,526	13,300	-	-
Fines and forfeits	-	-	-	-	19,655	-
Other	-	-	-	-	556	-
Total receipts	42,249	42,475	156,526	13,300	20,211	777,512
Disbursements:						
General government	-	-	-	18,035	21,298	93,446
Public safety	42,129	-	182,451	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Total disbursements	42,129	-	182,451	18,035	21,298	93,446
Excess (deficiency) of receipts over disbursements	120	42,475	(25,925)	(4,735)	(1,087)	684,066
Other financing sources:						
Transfers in	-	-	-	-	-	1,050,000
Other receipts	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	1,050,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	120	42,475	(25,925)	(4,735)	(1,087)	1,734,066
Cash and investment fund balance - beginning	89	101,844	125,941	73,972	46,415	980,190
Cash and investment fund balance - ending	<u>\$ 209</u>	<u>\$ 144,319</u>	<u>\$ 100,016</u>	<u>\$ 69,237</u>	<u>\$ 45,328</u>	<u>\$ 2,714,256</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 209	\$ 144,319	\$ 100,016	\$ 69,237	\$ 45,328	\$ 2,714,256
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 209</u>	<u>\$ 144,319</u>	<u>\$ 100,016</u>	<u>\$ 69,237</u>	<u>\$ 45,328</u>	<u>\$ 2,714,256</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	209	144,319	100,016	69,237	45,328	2,714,256
Total cash and investment fund balance - ending	<u>\$ 209</u>	<u>\$ 144,319</u>	<u>\$ 100,016</u>	<u>\$ 69,237</u>	<u>\$ 45,328</u>	<u>\$ 2,714,256</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, 2008
 (Continued)

	Sales Disclosure	Law Enforcement	Riverboat Revenue Sharing	Tobacco Settlement	Identification Security Protection	Operation Pullover
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	418,344	32,579	-	26,869
Charges for services	7,675	-	-	-	24,473	-
Fines and forfeits	-	5,352	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	7,675	5,352	418,344	32,579	24,473	26,869
Disbursements:						
General government	-	-	170,864	-	-	-
Public safety	-	7,957	-	-	8,224	13,549
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	41,255	-	-
Capital outlay:						
General government	-	-	6,080	-	-	-
Public safety	-	15,991	-	-	-	13,111
Total disbursements	-	23,948	176,944	41,255	8,224	26,660
Excess (deficiency) of receipts over disbursements	7,675	(18,596)	241,400	(8,676)	16,249	209
Other financing sources:						
Transfers in	-	-	-	-	-	-
Other receipts	-	8,370	-	-	-	-
Total other financing sources	-	8,370	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	7,675	(10,226)	241,400	(8,676)	16,249	209
Cash and investment fund balance - beginning	17,583	94,802	615,386	49,804	39,606	552
Cash and investment fund balance - ending	<u>\$ 25,258</u>	<u>\$ 84,576</u>	<u>\$ 856,786</u>	<u>\$ 41,128</u>	<u>\$ 55,855</u>	<u>\$ 761</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 25,258	\$ 84,576	\$ 856,786	\$ 41,128	\$ 55,855	\$ 761
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 25,258</u>	<u>\$ 84,576</u>	<u>\$ 856,786</u>	<u>\$ 41,128</u>	<u>\$ 55,855</u>	<u>\$ 761</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	25,258	84,576	856,786	41,128	55,855	761
Total cash and investment fund balance - ending	<u>\$ 25,258</u>	<u>\$ 84,576</u>	<u>\$ 856,786</u>	<u>\$ 41,128</u>	<u>\$ 55,855</u>	<u>\$ 761</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, 2008
(Continued)

	Children's Psychiatric Residential Treatment	EMA Donations	County Economic Development Income Tax	County Park Development	K-9 Donation	Federal Forfeited Property
Receipts:						
Taxes	\$ 50,310	\$ -	\$ 1,673,250	\$ -	\$ -	\$ -
Intergovernmental	6,793	-	84,011	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	4,710
Other	-	300	-	-	2,000	-
Total receipts	57,103	300	1,757,261	-	2,000	4,710
Disbursements:						
General government	-	-	870,308	4,000	-	357
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	56,716	-	-	-	-	-
Capital outlay:						
General government	-	-	1,575,819	-	-	650
Public safety	-	-	-	-	-	-
Total disbursements	56,716	-	2,446,127	4,000	-	1,007
Excess (deficiency) of receipts over disbursements	387	300	(688,866)	(4,000)	2,000	3,703
Other financing sources:						
Transfers in	-	-	-	-	-	-
Other receipts	-	-	-	50,000	-	-
Total other financing sources	-	-	-	50,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	387	300	(688,866)	46,000	2,000	3,703
Cash and investment fund balance - beginning	67,580	-	1,889,760	-	-	1,672
Cash and investment fund balance - ending	<u>\$ 67,967</u>	<u>\$ 300</u>	<u>\$ 1,200,894</u>	<u>\$ 46,000</u>	<u>\$ 2,000</u>	<u>\$ 5,375</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 67,967	\$ 300	\$ 1,200,894	\$ -	\$ 2,000	\$ 5,375
Restricted assets:						
Cash and investments	-	-	-	46,000	-	-
Total cash and investment assets - ending	\$ 67,967	\$ 300	\$ 1,200,894	\$ 46,000	\$ 2,000	\$ 5,375
Cash and Investment Fund Balance - Ending						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ 46,000	\$ -	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	67,967	300	1,200,894	-	2,000	5,375
Total cash and investment fund balance - ending	\$ 67,967	\$ 300	\$ 1,200,894	\$ 46,000	\$ 2,000	\$ 5,375

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, 2008
 (Continued)

	ADAPT Probation User Fees	Community Transition	Casa Donations	Community Correction Adult 2006-2007	Community Correction Juvenile 2006-2007	Special Probation Programs
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	5,265	-	-	-	-
Charges for services	49,271	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	100	-	-	-
Total receipts	49,271	5,265	100	-	-	-
Disbursements:						
General government	87,796	30	72	7,706	10,918	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay:						
General government	-	9,905	-	-	-	-
Public safety	-	-	-	-	-	-
Total disbursements	87,796	9,935	72	7,706	10,918	-
Excess (deficiency) of receipts over disbursements	(38,525)	(4,670)	28	(7,706)	(10,918)	-
Other financing sources:						
Transfers in	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(38,525)	(4,670)	28	(7,706)	(10,918)	-
Cash and investment fund balance - beginning	102,657	15,875	1,602	7,706	10,918	130
Cash and investment fund balance - ending	\$ 64,132	\$ 11,205	\$ 1,630	\$ -	\$ -	\$ 130
Cash and Investment Assets - Ending						
Cash and investments	\$ 64,132	\$ 11,205	\$ 1,630	\$ -	\$ -	\$ 130
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 64,132	\$ 11,205	\$ 1,630	\$ -	\$ -	\$ 130
Cash and Investment Fund Balance - Ending						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	64,132	11,205	1,630	-	-	130
Total cash and investment fund balance - ending	\$ 64,132	\$ 11,205	\$ 1,630	\$ -	\$ -	\$ 130

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, 2008
 (Continued)

	Bulletproof Vests Grant	Boot Camp Fees	County Economic Development	Administration Fee (Probation)	Health Bioterrorism 2009	Health Bioterrorism 2008-2009
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	9,066	-	-	-	8,500	23,791
Charges for services	-	201	8,850	52,847	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	9,066	201	8,850	52,847	8,500	23,791
Disbursements:						
General government	10,065	1,580	13,250	75,887	4,911	-
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	3,589	23,791
Public safety	-	-	-	-	-	-
Total disbursements	10,065	1,580	13,250	75,887	8,500	23,791
Excess (deficiency) of receipts over disbursements	(999)	(1,379)	(4,400)	(23,040)	-	-
Other financing sources:						
Transfers in	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(999)	(1,379)	(4,400)	(23,040)	-	-
Cash and investment fund balance - beginning	-	4,042	6,000	60,488	-	-
Cash and investment fund balance - ending	<u>\$ (999)</u>	<u>\$ 2,663</u>	<u>\$ 1,600</u>	<u>\$ 37,448</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ (999)	\$ 2,663	\$ 1,600	\$ 37,448	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ (999)</u>	<u>\$ 2,663</u>	<u>\$ 1,600</u>	<u>\$ 37,448</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	(999)	2,663	1,600	37,448	-	-
Total cash and investment fund balance - ending	<u>\$ (999)</u>	<u>\$ 2,663</u>	<u>\$ 1,600</u>	<u>\$ 37,448</u>	<u>\$ -</u>	<u>\$ -</u>

MORGAN COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2008
 (Continued)

	Fatal Alcohol Crash Team	Clerk Incentive	Prosecutor Incentive	Community Correction Adult 2007	Community Correction Project Income 2008	Community Correction Grant 2007-2008
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	35,636	177	-	94,269
Charges for services	-	16,353	-	-	71,681	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	-	16,353	35,636	177	71,681	94,269
Disbursements:						
General government	-	11,205	12,665	25,366	27,400	141,664
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Total disbursements	-	11,205	12,665	25,366	27,400	141,664
Excess (deficiency) of receipts over disbursements	-	5,148	22,971	(25,189)	44,281	(47,395)
Other financing sources:						
Transfers in	-	1,103	-	-	-	-
Other receipts	-	547	-	-	-	-
Total other financing sources	-	1,650	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	6,798	22,971	(25,189)	44,281	(47,395)
Cash and investment fund balance - beginning	1,000	18,906	64,945	25,189	-	70,433
Cash and investment fund balance - ending	<u>\$ 1,000</u>	<u>\$ 25,704</u>	<u>\$ 87,916</u>	<u>\$ -</u>	<u>\$ 44,281</u>	<u>\$ 23,038</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 1,000	\$ 25,704	\$ 87,916	\$ -	\$ 44,281	\$ 23,038
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 1,000</u>	<u>\$ 25,704</u>	<u>\$ 87,916</u>	<u>\$ -</u>	<u>\$ 44,281</u>	<u>\$ 23,038</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	1,000	25,704	87,916	-	44,281	23,038
Total cash and investment fund balance - ending	<u>\$ 1,000</u>	<u>\$ 25,704</u>	<u>\$ 87,916</u>	<u>\$ -</u>	<u>\$ 44,281</u>	<u>\$ 23,038</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, 2008
 (Continued)

	Operation Round Up Grant	Prosecutor/Victim Advocate Grant 2008	Pre-Trial Diversion Traffic	Pre-Trial Diversion Check	Stop Violence Against Women Grant 2008-2009	Stop Violence Against Women Grant 2007-2008
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	7,339	-	-	5,606	18,339
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	264,188	10,640	-	-
Other	1,750	-	-	-	-	-
Total receipts	1,750	7,339	264,188	10,640	5,606	18,339
Disbursements:						
General government	542	7,339	171,690	5,810	7,848	7,542
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay:						
General government	976	-	23,936	-	-	-
Public safety	-	-	-	-	-	-
Total disbursements	1,518	7,339	195,626	5,810	7,848	7,542
Excess (deficiency) of receipts over disbursements	232	-	68,562	4,830	(2,242)	10,797
Other financing sources:						
Transfers in	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	232	-	68,562	4,830	(2,242)	10,797
Cash and investment fund balance - beginning	110	-	74,344	5,120	-	(10,797)
Cash and investment fund balance - ending	<u>\$ 342</u>	<u>\$ -</u>	<u>\$ 142,906</u>	<u>\$ 9,950</u>	<u>\$ (2,242)</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 342	\$ -	\$ 142,906	\$ 9,950	\$ (2,242)	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 342</u>	<u>\$ -</u>	<u>\$ 142,906</u>	<u>\$ 9,950</u>	<u>\$ (2,242)</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	342	-	142,906	9,950	(2,242)	-
Total cash and investment fund balance - ending	<u>\$ 342</u>	<u>\$ -</u>	<u>\$ 142,906</u>	<u>\$ 9,950</u>	<u>\$ (2,242)</u>	<u>\$ -</u>

MORGAN COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2008
 (Continued)

	Prosecutor/Victim Advocate Grant 2007-2008	Court House Clock Grant	Local Health - Bioterrorism	Community Correction Project Income 2007	Community Development Block Grant Wiser	Stormwater Education
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental	19,258	-	-	-	500,000	-
Charges for services	-	-	-	97,238	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	-	133,836	7,890
Total receipts	19,258	-	-	97,238	633,836	7,890
Disbursements:						
General government	14,742	-	8,152	47,094	585,339	1,252
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay:						
General government	-	-	6,835	35	-	-
Public safety	-	-	-	-	-	-
Total disbursements	14,742	-	14,987	47,129	585,339	1,252
Excess (deficiency) of receipts over disbursements	4,516	-	(14,987)	50,109	48,497	6,638
Other financing sources:						
Transfers in	-	-	-	-	-	-
Other receipts	-	-	-	509	-	-
Total other financing sources	-	-	-	509	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,516	-	(14,987)	50,618	48,497	6,638
Cash and investment fund balance - beginning	(4,516)	1,000	14,987	120,676	51,181	7,523
Cash and investment fund balance - ending	\$ -	\$ 1,000	\$ -	\$ 171,294	\$ 99,678	\$ 14,161
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 1,000	\$ -	\$ 171,294	\$ 99,678	\$ 14,161
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 1,000	\$ -	\$ 171,294	\$ 99,678	\$ 14,161
Cash and Investment Fund Balance - Ending						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	-	1,000	-	171,294	99,678	14,161
Total cash and investment fund balance - ending	\$ -	\$ 1,000	\$ -	\$ 171,294	\$ 99,678	\$ 14,161

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, 2008
 (Continued)

	Sex & Violent Offender Administration	Driving Under the Influence Task Force	Private Collection Agency	County Public Safety	Ozark Fisheries	169 Community Planning
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ 1,860,277	\$ -	\$ -
Intergovernmental		6,927	917	-	31,400	101,250
Charges for services	5,431	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other	-	-	-	-	10,507	-
Total receipts	5,431	6,927	917	1,860,277	41,907	101,250
Disbursements:						
General government	4,000	9,034	550	-	41,907	101,250
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay:						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Total disbursements	4,000	9,034	550	-	41,907	101,250
Excess (deficiency) of receipts over disbursements	1,431	(2,107)	367	1,860,277	-	-
Other financing sources:						
Transfers in	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,431	(2,107)	367	1,860,277	-	-
Cash and investment fund balance - beginning	2,417	810	-	-	-	-
Cash and investment fund balance - ending	<u>\$ 3,848</u>	<u>\$ (1,297)</u>	<u>\$ 367</u>	<u>\$ 1,860,277</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 3,848	\$ (1,297)	\$ 367	\$ 1,860,277	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 3,848</u>	<u>\$ (1,297)</u>	<u>\$ 367</u>	<u>\$ 1,860,277</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-	-	-
Highways and streets	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Unrestricted	3,848	(1,297)	367	1,860,277	-	-
Total cash and investment fund balance - ending	<u>\$ 3,848</u>	<u>\$ (1,297)</u>	<u>\$ 367</u>	<u>\$ 1,860,277</u>	<u>\$ -</u>	<u>\$ -</u>

MORGAN COUNTY
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2008
 (Continued)

	Communities Correction Grant 2008-2009	Victim Assistance 2008-2009	A.C.E. 70 Project	Cumulative Bridge	Cumulative Building	Totals
Receipts:						
Taxes	\$ -	\$ -	\$ -	\$ 342,035	\$ 35,166	\$ 6,895,570
Intergovernmental	121,604	-	4,252	45,905	3,875	3,517,114
Charges for services	-	-	-	-	-	1,433,904
Fines and forfeits	-	-	-	-	-	394,904
Other	-	-	-	-	54,616	297,576
Total receipts	121,604	-	4,252	387,940	93,657	12,539,068
Disbursements:						
General government	115,618	6,168	4,252	-	-	3,307,379
Public safety	-	-	-	-	-	965,321
Highways and streets	-	-	-	287,504	-	1,034,461
Health and welfare	-	-	-	-	-	2,333,132
Capital outlay:						
General government	-	-	-	-	14,558	1,676,955
Public safety	-	-	-	-	-	339,534
Total disbursements	115,618	6,168	4,252	287,504	14,558	9,656,782
Excess (deficiency) of receipts over disbursements	5,986	(6,168)	-	100,436	79,099	2,882,286
Other financing sources:						
Transfers in	-	-	-	-	-	1,051,103
Other receipts	-	-	-	709	-	66,870
Total other financing sources	-	-	-	709	-	1,117,973
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,986	(6,168)	-	101,145	79,099	4,000,259
Cash and investment fund balance - beginning	-	-	-	809,875	2,220,262	15,872,120
Cash and investment fund balance - ending	<u>\$ 5,986</u>	<u>\$ (6,168)</u>	<u>\$ -</u>	<u>\$ 911,020</u>	<u>\$ 2,299,361</u>	<u>\$ 19,872,379</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 5,986	\$ (6,168)	\$ -	\$ -	\$ -	\$ 12,315,708
Restricted assets:						
Cash and investments	-	-	-	911,020	2,299,361	7,556,671
Total cash and investment assets - ending	<u>\$ 5,986</u>	<u>\$ (6,168)</u>	<u>\$ -</u>	<u>\$ 911,020</u>	<u>\$ 2,299,361</u>	<u>\$ 19,872,379</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
General government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,000
Public safety	-	-	-	-	-	1,695,603
Highways and streets	-	-	-	-	-	967,142
Health and welfare	-	-	-	-	-	1,637,545
Capital outlay	-	-	-	911,020	2,299,361	3,210,381
Unrestricted	5,986	(6,168)	-	-	-	12,315,708
Total cash and investment fund balance - ending	<u>\$ 5,986</u>	<u>\$ (6,168)</u>	<u>\$ -</u>	<u>\$ 911,020</u>	<u>\$ 2,299,361</u>	<u>\$ 19,872,379</u>

MORGAN COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2008

	City and Town Court Costs	Congressional School Interest	Clerk's Trust	Surplus Tax Sale	Surplus Tax	State Fines And Forfeitures
Additions:						
Agency fund additions	\$ 14,006	\$ 385	\$ 5,426,719	\$ 45,978	\$ 98,433	\$ 18,014
Deductions:						
Agency fund deductions	14,211	11,189	5,189,568	123,513	83,026	21,367
Excess (deficiency) of total additions over total deductions	(205)	(10,804)	237,151	(77,535)	15,407	(3,353)
Cash and investment fund balance - beginning	7,434	10,804	1,373,359	78,830	47,647	6,069
Cash and investment fund balance - ending	<u>\$ 7,229</u>	<u>\$ -</u>	<u>\$ 1,610,510</u>	<u>\$ 1,295</u>	<u>\$ 63,054</u>	<u>\$ 2,716</u>

MORGAN COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	Overweight Vehicle Fines	Sheriff	Infraction Judgements	Inheritance Tax	Homestead Credit (Local Option)	Property Replacement and Homestead Credit
Additions:						
Agency fund additions	\$ 8,040	\$ 2,431,513	\$ 305,537	\$ 1,076,661	\$ 11,618,395	\$ 3,344,735
Deductions:						
Agency fund deductions	9,209	2,438,127	310,018	1,067,831	11,618,395	3,344,735
Excess (deficiency) of total additions over total deductions	(1,169)	(6,614)	(4,481)	8,830	-	-
Cash and investment fund balance - beginning	1,169	45,836	20,529	201,738	-	-
Cash and investment fund balance - ending	\$ -	\$ 39,222	\$ 16,048	\$ 210,568	\$ -	\$ -

MORGAN COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	Payroll	Public Employees Retirement Withholdings	Payroll Withholding - Insurance	Payroll Withholding Life Insurance	Payroll Insurance - Other	Special Death Benefit
Additions:						
Agency fund additions	\$ 8,978,660	\$ 682,916	\$ 62,635	\$ 26,697	\$ 153,312	\$ 7,760
Deductions:						
Agency fund deductions	8,978,586	656,549	62,635	26,668	153,312	7,730
Excess (deficiency) of total additions over total deductions	74	26,367	-	29	-	30
Cash and investment fund balance - beginning	-	170,058	-	997	-	655
Cash and investment fund balance - ending	\$ 74	\$ 196,425	\$ -	\$ 1,026	\$ -	\$ 685

MORGAN COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	Education Plate Fees	Financial Institution Tax Distributions	Payroll Withholding Sheriff Retirement	Wheel Tax	Sur Tax	Mortgage Fees - State Share
Additions:						
Agency fund additions	\$ 3,000	\$ 263,011	\$ 33,536	\$ 110,219	\$ 696,728	\$ 8,545
Deductions:						
Agency fund deductions	3,000	263,011	33,536	109,119	696,698	8,853
Excess (deficiency) of total additions over total deductions	-	-	-	1,100	30	(308)
Cash and investment fund balance - beginning	-	-	-	420	(30)	820
Cash and investment fund balance - ending	\$ -	\$ -	\$ -	\$ 1,520	\$ -	\$ 512

MORGAN COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	Child Restraint Violation Fines	Commercial Vehicle Excise Tax Distribution	Welfare Trust	Homestead Credit Rebate	State Homestead Credit	Local Option Income Tax Property Tax Relief
Additions:						
Agency fund additions	\$ 2,575	\$ 473,016	\$ 1,274	\$ 24,181	\$ 5,403,578	\$ 13,378,935
Deductions:						
Agency fund deductions	2,475	473,016	2,640	600,249	5,401,520	13,098,298
Excess (deficiency) of total additions over total deductions	100	-	(1,366)	(576,068)	2,058	280,637
Cash and investment fund balance - beginning	25	-	8,618	598,620	-	-
Cash and investment fund balance - ending	<u>\$ 125</u>	<u>\$ -</u>	<u>\$ 7,252</u>	<u>\$ 22,552</u>	<u>\$ 2,058</u>	<u>\$ 280,637</u>

MORGAN COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	Local Option Income Tax Operating Levies	Local Option Income Tax Public Safety	Tax Distribution	County Treasurer's After Settlement Collections	Payroll Withholding AFLAC	Payroll Withholding United Way
Additions:						
Agency fund additions	\$ 2,675,787	\$ 3,344,734	\$ 76,948,917	\$ 879,163	\$ 43,824	\$ 1,315
Deductions:						
Agency fund deductions	<u>2,675,787</u>	<u>3,344,734</u>	<u>76,948,917</u>	<u>2,702,486</u>	<u>43,001</u>	<u>1,315</u>
Excess (deficiency) of total additions over total deductions	-	-	-	(1,823,323)	823	-
Cash and investment fund balance - beginning	-	-	-	<u>2,702,486</u>	<u>2,832</u>	-
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 879,163</u>	<u>\$ 3,655</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, 2008
 (Continued)

	Voluntary Perf Contribution Withholdings	Economic Development Income Tax Distributions	Sex & Violent Offender State	State Sales Disclosure Fees	Coroner's Continuing Education	Interstate Compact Fee
Additions:						
Agency fund additions	\$ 23,401	\$ 3,070,484	\$ 679	\$ 7,675	\$ 4,170	\$ 300
Deductions:						
Agency fund deductions	22,570	3,070,484	669	7,665	4,107	225
Excess (deficiency) of total additions over total deductions	831	-	10	10	63	75
Cash and investment fund balance - beginning	6,001	-	26	560	317	-
Cash and investment fund balance - ending	<u>\$ 6,832</u>	<u>\$ -</u>	<u>\$ 36</u>	<u>\$ 570</u>	<u>\$ 380</u>	<u>\$ 75</u>

MORGAN COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	Prosecutor's Miscellaneous Trust	Prosecutor's Trust	Probation Certificate	Interpreter Grant	Flood Disaster Relief Donations	Local Option Income Tax Stabilization
Additions:						
Agency fund additions	\$ -	\$ 34,869	\$ 695,221	\$ 3,250	\$ 32,406	\$ 1,930,420
Deductions:						
Agency fund deductions	-	34,869	656,681	-	32,406	-
Excess (deficiency) of total additions over total deductions	-		38,540	3,250	-	1,930,420
Cash and investment fund balance - beginning	275	-	48,628	-	-	-
Cash and investment fund balance - ending	<u>\$ 275</u>	<u>\$ -</u>	<u>\$ 87,168</u>	<u>\$ 3,250</u>	<u>\$ -</u>	<u>\$ 1,930,420</u>

MORGAN COUNTY
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For The Year Ended December 31, 2008
 (Continued)

	Economic Development Income Tax Homestead Credit	Sheriff Inmate Trust	Plan Commission	Recorder	Health Department	Totals
Additions:						
Agency fund additions	\$ 932,044	\$ 305,968	\$ 87,102	\$ 334,601	\$ 85,372	\$ 146,140,696
Deductions:						
Agency fund deductions	935,783	295,198	87,495	337,376	83,106	146,093,958
Excess (deficiency) of total additions over total deductions	(3,739)	10,770	(393)	(2,775)	2,266	46,738
Cash and investment fund balance - beginning	22,646	21,200	6,071	27,812	35	5,412,487
Cash and investment fund balance - ending	\$ 18,907	\$ 31,970	\$ 5,678	\$ 25,037	\$ 2,301	\$ 5,459,225

MORGAN COUNTY
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 December 31, 2008

The County has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Highway excavator	\$ 158,487	\$ 45,727
Highway Kenworth trucks	<u>160,634.00</u>	<u>45,115.92</u>
Total governmental activities debt	<u>\$ 319,121</u>	<u>\$ 90,843</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF MORGAN COUNTY, INDIANA

Compliance

We have audited the compliance of Morgan County (County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2008. The County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

In our opinion, the County complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below.

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

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

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

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

STATE BOARD OF ACCOUNTS

September 15, 2009

MORGAN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended December 31, 2008

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 AGRICULTURE</u>			
Pass-Through Indiana Department of Agriculture Emergency Watershed Protection Program	10.923	65-52KY-8-0063 65-52KY-8-0053	\$ 31,400 <u>9,150</u>
Total for federal grantor agency			<u>40,550</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Office of Community and Rural Affairs Community Development Block Grant	14.225		<u>497,800</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Pass-Through Indiana Criminal Justice Institute Crime Victim Assistance	16.575		<u>26,597</u>
Violence Against Women Formula Grant	16.588		<u>23,945</u>
Bulletproof Vest Partnership Program	16.607		<u>9,066</u>
Edward Byrne Memorial Justice Assistance	16.738		<u>6,285</u>
Total for federal grantor agency			<u>65,893</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation Highway Planning and Construction	20.205		<u>36,144</u>
Pass-Through Indiana Criminal Justice Institute State and Community Highway Safety	20.600		<u>26,869</u>
Alcohol Traffic Safety and Drunk Driving	20.601		<u>6,927</u>
Total for federal grantor agency			<u>69,940</u>
<u>ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Finance Authority Capitalization Grants for Clean Water State Revolving Funds	66.458		<u>190,400</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through Indiana State Department of Health Public Health Emergency Preparedness	93.069		<u>32,291</u>
Pass-Through Indiana Department of Child Services Child Support	93.563		34,420
Incentive Expenditures			186,791
Indirect Expenditures			<u>76,454</u>
Total for program			<u>297,665</u>
Total for federal grantor agency			<u>329,956</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		<u>836,184</u>
Emergency Management Performance Grants	97.042		<u>16,354</u>
Total for federal grantor agency			<u>852,538</u>
Total federal awards expended			<u>\$ 2,047,077</u>

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

MORGAN COUNTY
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Morgan County (County) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

MORGAN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Qualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies 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
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

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

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.225	Community Development Block Grant
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

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.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

MORGAN COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

MORGAN COUNTY
EXIT CONFERENCE

The contents of this report were discussed on September 15, 2009, with Brenda Adams, Auditor; Norman Voyles, President of the Board of County Commissioners; and Kenneth L. Hale, President of the County Council. Our audit disclosed no material items that warrant comment at this time.