

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

ANNUAL FINANCIAL REPORT

2010

MORGAN COUNTY, INDIANA



**FILED**

09/07/2011



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards .....	3-4
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 .....	5-6
Financial Statement: Statement of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	8-10
Notes to Financial Statement .....	11-16
Supplementary Information: Combining Schedule of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis .....	18-40
Schedule of Long-Term Debt .....	41
Other Report .....	42
Supplemental Audit of Federal Awards: Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133 .....	44-45
Schedule of Expenditures of Federal Awards .....	46-47
Notes to Schedule of Expenditures of Federal Awards .....	48
Schedule of Findings and Questioned Costs .....	49-51
Auditee Prepared Schedules: Summary Schedule of Prior Audit Findings .....	52
Corrective Action Plan .....	53-54
Exit Conference .....	55

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Auditor	Brenda Adams	01-01-10 to 12-31-14
Treasurer	Dena Burkett	01-01-10 to 12-31-12
Clerk	Marquerite (Peggy) Mayfield	01-01-10 to 12-31-14
Sheriff	Robert Gardner Robert J. Downey	01-01-10 to 12-31-10 01-01-11 to 12-31-14
Recorder	Pamela Kivett	01-01-10 to 12-31-12
President of the Board of County Commissioners	Norman Voyles	01-01-10 to 12-31-11
President of the County Council	Kenneth L. Hale	01-01-10 to 12-31-11



**STATE OF INDIANA**  
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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 statement of Morgan County (County), for the year ended December 31, 2010. The financial statement is the responsibility of the County's management. Our responsibility is to express opinions on the financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 opinion.

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

In our opinion, the financial statement referred to above present fairly, in all material respects, the financial position and results of operations of the County for the year ended December 31, 2010, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated August 4, 2011, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the County's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial

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

statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

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

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

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

August 4, 2011



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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 statement of Morgan County (County), for the year ended December 31, 2010, and have issued our report thereon dated August 4, 2011. 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 opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statement 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, 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

August 4, 2011

FINANCIAL STATEMENT

MORGAN COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
REGULATORY BASIS  
For The Year Ended December 31, 2010

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
General	\$ 5,099,052	\$ 13,858,048	\$ 14,048,359	\$ 4,908,741
Local Road And Street	1,299,089	1,428,944	1,296,694	1,431,339
Accident Report	8,733	5,660	8,367	6,026
Firearms Training	39,081	70,092	35,943	73,230
Health	189,365	471,029	503,109	157,285
Law Enforcement Continuing Ed	3,987	2,262	6,245	4
Clerk's Records Perpetuation	34,041	10,608	23,236	21,413
Emergency Telephone System	1,249,910	315,232	647,072	918,070
Drug Free Community	119,615	55,140	64,036	110,719
Emergency Planning/Right To Know	35,684	4,289	1,056	38,917
Highway	433,237	2,280,922	2,360,279	353,880
Property Reassessment	2,816,413	346,895	510,238	2,653,070
Extradition	-	5,750	-	5,750
Juvenile Probation Service	6,474	22,099	1,157	27,416
Adult Probation Services	794,131	290,197	252,341	831,987
Recorder's Records Perpetuation	260,355	88,580	83,524	265,411
Health Maintenance	49,868	58,848	52,772	55,944
Court Appointed Special Advocate	12,580	14,953	11,846	15,687
Plat Book	46,188	15,082	-	61,270
Misdemeanant	188	42,249	42,199	238
Supplemental Public Defender Svc	133,023	77,139	5,785	204,377
Jail Commissary	129,752	176,087	155,962	149,877
Surveyor's Corner Perpetuation	67,997	12,635	4,282	76,350
Jury Pay	37,896	18,776	40,371	16,301
Rainy Day	5,026,970	1,840,578	-	6,867,548
Sales Disclosure	30,155	6,335	11,402	25,088
Law Enforcement	72,511	44,282	27,049	89,744
Riverboat Revenue Sharing	971,128	417,342	953,925	434,545
Tobacco Settlement	39,602	33,108	35,301	37,409
Levy Excess	-	29,198	-	29,198
Identification Security Protection	82,603	24,100	22,270	84,433
Operation Pullover	(3,618)	19,050	15,162	270
Wireless Emergency Telephone System	228,409	254,745	-	483,154
Ema Donations	860	250	949	161
County Edit Fund	1,578,807	2,392,030	1,517,052	2,453,785
K-9 Donation	621	-	190	431
Federal Forfeited Property	3,986	-	712	3,274
Adapt	64,704	61,552	4,795	121,461
Community Transition	7,056	3,830	-	10,886
Law Enforcement Co User	3,534	3,028	220	6,342
Casa Donations	1,534	-	-	1,534
Comm Corr Proj Income #276	269,020	78,504	347,524	-
Special Probation Programs	130	-	-	130
Boot Camp Fees	2,664	-	-	2,664
Interpreter Grant	3,090	-	-	3,090
Administration Fee (Probation)	16,467	51,727	100	68,094
Health Bioterrorism #502	-	-	566	(566)
Hud Grant-Madison Twp Comm Center	-	337,248	337,248	-
Health Bioterrorism #602	143	-	11,871	(11,728)
Fact-Fatal Alcohol Crash Team	1,000	-	1,000	-
Clerk Incentive	47,656	-	11,191	36,465
Prosecutor Incentive	104,166	60,465	15,196	149,435
Comm Corr Proj Income #726	-	341,935	25,071	316,864
Comm Corr Grant #727	-	110,226	105,122	5,104
Community Emergency Response Team	-	6,941	6,941	-
Operation Round Up Grant	42	-	42	-
Prosecutor/Victim Adv #807	-	8,357	8,357	-
Pre-Trial Div Traffic	168,958	261,806	250,643	180,121
Pre-Trial Div Check	13,340	5,951	6,068	13,223
Stop Violence Ag Women #904	-	4,693	7,040	(2,347)
Stop Violence Ag Women #905	(6,602)	13,754	7,152	-
Prosecutor/Victim Adv #907	(16,972)	36,137	19,165	-

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

MORGAN COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
REGULATORY BASIS  
For The Year Ended December 31, 2010  
(Continued)

	Cash and Investments 01-01-10	Receipts	Disbursements	Cash and Investments 12-31-10
Cths.Clock Grant	1,000	-	1,000	-
Local Health-Bioterrorism	(38)	8,665	8,627	-
Comm Dev Block Grant #511	-	60,874	-	60,874
Mo Co Partner Water Quality	8,079	12,074	7,070	13,083
Sex & Violent Offender Admin	5,026	4,738	4,830	4,934
Dui Task Force	(945)	10,000	9,038	17
Private Collection Agency	882	932	704	1,110
County Public Safety	3,482,189	1,815,609	813,584	4,484,214
I69 Community Planning	-	15,000	15,000	-
Comm Corr Grant #780	25,139	-	25,139	-
Victim Assistance #906	-	-	7,103	(7,103)
Comm Corr Grant #277	28,187	98,340	126,527	-
Recreational Trails Prog	(13,392)	52,311	90,718	(51,799)
Painted Hills	61,324	274,719	336,043	-
Health H1N1	4,783	6,813	11,596	-
Health H1N1 Phase 3	36,260	-	36,260	-
Jail Bond Proceeds	6,930,000	30,436	4,875,297	2,085,139
Cdbg	-	341,574	451,655	(110,081)
Health Immunization Prg	-	-	486	(486)
Brooklyn Pedestrian Bridge	-	54,000	13,014	40,986
Clerk Arra Fund	-	1,789	-	1,789
County General Arra Fund	-	28,695	-	28,695
Prosecutor Arra Fund	-	12,963	-	12,963
Health Bioterrorism #812	(10,080)	26,589	16,509	-
Hazard Mitigation Primary #814	-	2,157,432	1,354,966	802,466
Hazard Mitigation-Henderson #815	-	182,624	-	182,624
Cumulative Capital Development	5,356,601	916,256	683,365	5,589,492
Cumulative Bridge	803,224	338,118	435,159	706,183
Cumulative Building	2,545,391	372,550	30,050	2,887,891
Sheriff's Pension	4,120,162	832,360	228,058	4,724,464
City And Town Court Costs	5,744	12,848	12,265	6,327
Clerk's Trust	19,572	1,388,648	1,334,494	73,726
Surplus Tax Sale	471,511	353,674	547,409	277,776
Tax Sale Redemption	-	255,241	255,241	-
Surplus Tax	59,225	163,025	121,351	100,899
State Fines And Forfeitures	2,395	11,715	12,031	2,079
Overweight Vehicle Fines	886	-	886	-
Recorder	26,760	332,154	301,795	57,119
Sheriff	38,090	2,139,837	2,149,431	28,496
Infraction Judgements	15,789	246,840	248,024	14,605
Inheritance Tax	158,430	1,097,081	966,050	289,461
Homestead Credit (Local Option)	-	14,052,567	14,052,567	-
Prop Replacement & Homestead Credit	-	4,684,192	4,684,192	-
Sale Of County Owned Property	-	52,557	52,557	-
Probation Department Agency	88,182	624,121	640,436	71,867
Payroll	-	9,531,364	9,531,364	-
Perf	214,282	771,834	763,393	222,723
Payroll Withholding-Insurance	-	63,842	63,842	-
Life Insurance	1,099	48,363	48,338	1,124
Insurance-Other	-	183,060	183,060	-
Special Death Benefit	505	5,775	5,865	415
Education Plate Fees Agency	-	1,838	1,838	-
Financial Institution Tax	-	179,036	179,036	-
Sheriff Retirement	-	33,673	33,673	-
Wheel Tax	1,866	119,679	121,545	-
Sur Tax	26,703	670,776	697,479	-
Mortgage Fees-State Share	648	6,933	6,758	823
Child Restraint Violations Fines	175	2,400	2,425	150
Cvet Agency	-	271,020	271,020	-
Homestead Credit Rebate	22,630	7,666	-	30,296
Hea 1001 State Homestead Credit	2,494	663,069	669,301	(3,738)
Loit Property Tax Relief	476,154	14,060,775	14,047,629	489,300

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

MORGAN COUNTY  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
REGULATORY BASIS  
For The Year Ended December 31, 2010  
(Continued)

Loit Operating	-	2,779,275	2,779,275	-
Loit Public Safety	-	3,474,094	3,474,094	-
Cedit Homestead Credit	20,614	979,072	986,047	13,639
Tax Distribution	-	52,807,697	52,807,697	-
After Settlement Collections	977,542	52,111,462	52,217,392	871,612
Aflac #216	3,843	49,875	49,896	3,822
United Way	-	1,014	1,014	-
Vol Perf Contribution	11,079	42,698	43,290	10,487
Economic Dev Income Tax (Edit)	-	3,250,778	3,250,778	-
Sex & Violent Offender State	63	527	549	41
Sales Discl-State Asses Train	665	6,395	6,470	590
Coroner's Con'T Ed Fund	362	4,379	3,946	795
Health Dept	22,822	107,116	129,938	-
Interstate Compact Fee	38	425	463	-
Clerk's Interest Trust	549,503	9,035	204,999	353,539
Clerk's Child Support	7,619	1,584,587	1,579,020	13,186
Clerk's Petty Cash	150	-	-	150
Clerk's Bonds	568,575	580,796	579,262	570,109
Prosecutor's Misc Trust	175	-	175	-
Probation Certificate	15,000	69	69	15,000
Co Economic Dev Fund	4,850	3,550	7,350	1,050
Loit Stabilization	3,384,665	551,548	-	3,936,213
Sheriff Inmate Trust	31,140	315,825	321,583	25,382
Morgan Co Plan Commission	3,049	81,514	80,243	4,320
Recorder Cash	50	-	-	50
Health Dept Cash	35	-	-	35
Prosecutor-Check Deception	-	21,980	21,180	800
Hea1001/Final Ptrc	-	219,603	219,603	-
Self Insurance	320,448	2,805,435	3,207,268	(81,385)
	<u>\$ 52,517,842</u>	<u>\$ 207,598,501</u>	<u>\$ 207,462,891</u>	<u>\$ 52,653,452</u>

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

MORGAN COUNTY  
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

The accompanying financial statement presents the financial information for the County (primary government), and does not include financial information for any of the County's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial information of the County (primary government.)

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred.

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts may include, but are not limited to, the following sources:

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

Special assessments which includes amounts levied against certain properties to defray all or part of the cost of a specific capital improvement or service deemed to benefit primarily those properties.

License and permits which includes amounts received from businesses, occupations, or nonbusinesses that must be licensed before doing business within the government's jurisdiction or permits levied according to the benefits presumably conferred by the

MORGAN COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

permit. Examples of license and permits include: peddler licenses; dog tax licenses, auctioneer license, building and planning permits, demolition permits, electrical permits, sign permits; and gun permits.

Intergovernmental receipts which includes receipts from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of this type of receipts includes, but is not limited to: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distribution received from the state, local road and street distribution received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

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

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

Net proceeds from borrowings which includes receipts from general obligation bonds, notes and loans.

Intergovernmental loan activity which includes amounts received from other funds as loans on a temporary basis.

Transfers in which includes funds authorized by statute, ordinance, resolution or court order to be transferred in from another fund.

Sale of investments which includes investments sold by the County.

Utility receipts which are comprised mostly of charges for current services.

Internal service receipts which are comprised mostly of fees received for services performed for other funds.

Fiduciary receipts which are comprised mostly of contributions to the pensions funds from state and local sources.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements may include, but are not limited to, the following uses:

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

MORGAN COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

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

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

Interfund loan payments and loans made which includes amounts that are owed to a particular fund by another fund.

Transfers out which includes funds authorized by statute, ordinance, resolution or court order to be transferred to another fund.

Purchase of investments which includes investments purchased by the County.

F. Interfund Transfers

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

G. Fund Accounting

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

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the County submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the

MORGAN COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

State statute (IC 5-13-9) authorizes the County to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

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

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

MORGAN COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the 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 members' 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. That 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 the plan members for PERF are established by the Board of Trustees of PERF.

B. County Police Retirement Plan

Plan Description

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

Funding Policy

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

MORGAN COUNTY  
NOTES TO FINANCIAL STATEMENT  
(Continued)

C. County Police Benefit Plan

Plan Description

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

Funding Policy

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

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the Morgan County's Annual Reports can be found on the Indiana Transparency Portal website: [www.in.gov/itp/annual\\_reports/](http://www.in.gov/itp/annual_reports/).

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010

	General	Local Road And Street	Accident Report	Firearms Training	Health	Law Enforcement Continuing Ed	Clerk's Records Perpetuation
Cash and investments - beginning	\$ 5,099,052	\$ 1,299,089	\$ 8,733	\$ 39,081	\$ 189,365	\$ 3,987	\$ 34,041
Receipts:							
Taxes	11,032,104	86,995	-	-	324,101	-	-
Licenses and permits	80,243	-	-	-	-	-	-
Intergovernmental	877,247	1,116,949	-	-	41,312	-	-
Charges for services	1,123,856	-	5,660	40,719	102,919	-	-
Fines and forfeits	331,273	-	-	-	-	2,262	10,608
Other receipts	413,325	225,000	-	29,373	2,697	-	-
Total receipts	<u>13,858,048</u>	<u>1,428,944</u>	<u>5,660</u>	<u>70,092</u>	<u>471,029</u>	<u>2,262</u>	<u>10,608</u>
Disbursements:							
Personal services	10,162,800	-	-	-	460,346	-	23,236
Supplies	760,837	-	1,481	16,096	20,291	275	-
Other services and charges	2,788,517	1,292,694	-	25	22,472	5,970	-
Capital outlay	281,290	4,000	6,886	19,822	-	-	-
Other disbursements	54,915	-	-	-	-	-	-
Total disbursements	<u>14,048,359</u>	<u>1,296,694</u>	<u>8,367</u>	<u>35,943</u>	<u>503,109</u>	<u>6,245</u>	<u>23,236</u>
Excess (deficiency) of receipts over disbursements	<u>(190,311)</u>	<u>132,250</u>	<u>(2,707)</u>	<u>34,149</u>	<u>(32,080)</u>	<u>(3,983)</u>	<u>(12,628)</u>
Cash and investments - ending	<u>\$ 4,908,741</u>	<u>\$ 1,431,339</u>	<u>\$ 6,026</u>	<u>\$ 73,230</u>	<u>\$ 157,285</u>	<u>\$ 4</u>	<u>\$ 21,413</u>

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Emergency Telephone System	Drug Free Community	Emergency Planning/Right To Know	Highway	Property Reassessment	Extradition	Juvenile Probation Service
Cash and investments - beginning	\$ 1,249,910	\$ 119,615	\$ 35,684	\$ 433,237	\$ 2,816,413	\$ -	\$ 6,474
Receipts:							
Taxes	-	-	-	-	297,583	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	4,114	2,272,329	37,933	-	-
Charges for services	315,232	-	-	-	-	-	22,099
Fines and forfeits	-	55,140	-	-	-	5,750	-
Other receipts	-	-	175	8,593	11,379	-	-
Total receipts	<u>315,232</u>	<u>55,140</u>	<u>4,289</u>	<u>2,280,922</u>	<u>346,895</u>	<u>5,750</u>	<u>22,099</u>
Disbursements:							
Personal services	35,241	-	-	1,616,834	333,733	-	1,157
Supplies	-	545	-	625,688	344	-	-
Other services and charges	362,358	51,328	1,056	117,368	175,992	-	-
Capital outlay	249,473	12,163	-	389	169	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	<u>647,072</u>	<u>64,036</u>	<u>1,056</u>	<u>2,360,279</u>	<u>510,238</u>	<u>-</u>	<u>1,157</u>
Excess (deficiency) of receipts over disbursements	<u>(331,840)</u>	<u>(8,896)</u>	<u>3,233</u>	<u>(79,357)</u>	<u>(163,343)</u>	<u>5,750</u>	<u>20,942</u>
Cash and investments - ending	<u>\$ 918,070</u>	<u>\$ 110,719</u>	<u>\$ 38,917</u>	<u>\$ 353,880</u>	<u>\$ 2,653,070</u>	<u>\$ 5,750</u>	<u>\$ 27,416</u>

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Adult Probation Services	Recorder's Records Perpetuation	Health Maintenance	Court Appointed Special Advocate	Plat Book	Misdemeanant	Supplemental Public Defender Svc
Cash and investments - beginning	\$ 794,131	\$ 260,355	\$ 49,868	\$ 12,580	\$ 46,188	\$ 188	\$ 133,023
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	48,859	14,403	-	42,249	-
Charges for services	290,097	88,580	-	-	15,082	-	-
Fines and forfeits	-	-	-	-	-	-	77,139
Other receipts	100	-	9,989	550	-	-	-
Total receipts	<u>290,197</u>	<u>88,580</u>	<u>58,848</u>	<u>14,953</u>	<u>15,082</u>	<u>42,249</u>	<u>77,139</u>
Disbursements:							
Personal services	228,936	30,424	39,694	8,365	-	-	5,785
Supplies	-	3,554	848	467	-	10,549	-
Other services and charges	23,187	48,543	11,581	3,014	-	31,650	-
Capital outlay	-	1,003	649	-	-	-	-
Other disbursements	218	-	-	-	-	-	-
Total disbursements	<u>252,341</u>	<u>83,524</u>	<u>52,772</u>	<u>11,846</u>	<u>-</u>	<u>42,199</u>	<u>5,785</u>
Excess (deficiency) of receipts over disbursements	<u>37,856</u>	<u>5,056</u>	<u>6,076</u>	<u>3,107</u>	<u>15,082</u>	<u>50</u>	<u>71,354</u>
Cash and investments - ending	<u>\$ 831,987</u>	<u>\$ 265,411</u>	<u>\$ 55,944</u>	<u>\$ 15,687</u>	<u>\$ 61,270</u>	<u>\$ 238</u>	<u>\$ 204,377</u>

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Jail Commissary	Surveyor's Corner Perpetuation	Jury Pay	Rainy Day	Sales Disclosure	Law Enforcement	Riverboat Revenue Sharing
Cash and investments - beginning	\$ 129,752	\$ 67,997	\$ 37,896	\$ 5,026,970	\$ 30,155	\$ 72,511	\$ 971,128
Receipts:							
Taxes	-	-	-	1,840,578	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	417,342
Charges for services	-	12,635	-	-	6,335	-	-
Fines and forfeits	-	-	18,299	-	-	27,284	-
Other receipts	176,087	-	477	-	-	16,998	-
Total receipts	<u>176,087</u>	<u>12,635</u>	<u>18,776</u>	<u>1,840,578</u>	<u>6,335</u>	<u>44,282</u>	<u>417,342</u>
Disbursements:							
Personal services	-	-	28,995	-	-	-	32,141
Supplies	-	2,291	-	-	-	1,152	-
Other services and charges	-	1,991	11,376	-	-	5,007	22,680
Capital outlay	-	-	-	-	11,402	8,406	-
Other disbursements	155,962	-	-	-	-	12,484	899,104
Total disbursements	<u>155,962</u>	<u>4,282</u>	<u>40,371</u>	<u>-</u>	<u>11,402</u>	<u>27,049</u>	<u>953,925</u>
Excess (deficiency) of receipts over disbursements	<u>20,125</u>	<u>8,353</u>	<u>(21,595)</u>	<u>1,840,578</u>	<u>(5,067)</u>	<u>17,233</u>	<u>(536,583)</u>
Cash and investments - ending	<u>\$ 149,877</u>	<u>\$ 76,350</u>	<u>\$ 16,301</u>	<u>\$ 6,867,548</u>	<u>\$ 25,088</u>	<u>\$ 89,744</u>	<u>\$ 434,545</u>

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Tobacco Settlement	Levy Excess	Identification Security Protection	Operation Pullover	Wireless Emergency Telephone System	Ema Donations	County Edit Fund
Cash and investments - beginning	\$ 39,602	\$ -	\$ 82,603	\$ (3,618)	\$ 228,409	\$ 860	\$ 1,578,807
Receipts:							
Taxes	-	29,198	-	-	-	-	1,757,678
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	32,525	-	-	19,050	254,745	-	510,172
Charges for services	-	-	24,100	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	583	-	-	-	-	250	124,180
Total receipts	<u>33,108</u>	<u>29,198</u>	<u>24,100</u>	<u>19,050</u>	<u>254,745</u>	<u>250</u>	<u>2,392,030</u>
Disbursements:							
Personal services	29,922	-	-	15,028	-	-	-
Supplies	1,640	-	-	-	-	-	56,116
Other services and charges	3,739	-	19,100	-	-	-	586,444
Capital outlay	-	-	3,170	-	-	949	874,492
Other disbursements	-	-	-	134	-	-	-
Total disbursements	<u>35,301</u>	<u>-</u>	<u>22,270</u>	<u>15,162</u>	<u>-</u>	<u>949</u>	<u>1,517,052</u>
Excess (deficiency) of receipts over disbursements	<u>(2,193)</u>	<u>29,198</u>	<u>1,830</u>	<u>3,888</u>	<u>254,745</u>	<u>(699)</u>	<u>874,978</u>
Cash and investments - ending	<u>\$ 37,409</u>	<u>\$ 29,198</u>	<u>\$ 84,433</u>	<u>\$ 270</u>	<u>\$ 483,154</u>	<u>\$ 161</u>	<u>\$ 2,453,785</u>

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	K-9 Donation	Federal Forfeited Property	Adapt	Community Transition	Law Enforcement Co User	Casa Donations	Comm Corr Proj Income #276
Cash and investments - beginning	\$ 621	\$ 3,986	\$ 64,704	\$ 7,056	\$ 3,534	\$ 1,534	\$ 269,020
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	3,830	-	-	-
Charges for services	-	-	61,552	-	-	-	78,504
Fines and forfeits	-	-	-	-	3,028	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	61,552	3,830	3,028	-	78,504
Disbursements:							
Personal services	-	-	1,157	-	-	-	38,880
Supplies	190	-	486	-	-	-	-
Other services and charges	-	-	3,082	-	-	-	17,016
Capital outlay	-	712	-	-	-	-	4,362
Other disbursements	-	-	70	-	220	-	287,266
Total disbursements	190	712	4,795	-	220	-	347,524
Excess (deficiency) of receipts over disbursements	(190)	(712)	56,757	3,830	2,808	-	(269,020)
Cash and investments - ending	\$ 431	\$ 3,274	\$ 121,461	\$ 10,886	\$ 6,342	\$ 1,534	\$ -

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Special Probation Programs	Boot Camp Fees	Interpreter Grant	Administration Fee (Probation)	Health Bioterrorism #502	Hud Grant-Madison Twp Comm Center	Health Bioterrorism #602
Cash and investments - beginning	\$ 130	\$ 2,664	\$ 3,090	\$ 16,467	\$ -	\$ -	\$ 143
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	337,248	-
Charges for services	-	-	-	51,727	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	51,727	-	337,248	-
Disbursements:							
Personal services	-	-	-	-	-	-	11,728
Supplies	-	-	-	-	566	-	-
Other services and charges	-	-	-	-	-	337,248	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	-	100	-	-	143
Total disbursements	-	-	-	100	566	337,248	11,871
Excess (deficiency) of receipts over disbursements	-	-	-	51,627	(566)	-	(11,871)
Cash and investments - ending	\$ 130	\$ 2,664	\$ 3,090	\$ 68,094	\$ (566)	\$ -	\$ (11,728)

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Fact-Fatal Alcohol Crash Team	Clerk Incentive	Prosecutor Incentive	Comm Corr Proj Income #726	Comm Corr Grant #727	Community Emergency Response Team	Operation Round Up Grant
Cash and investments - beginning	\$ 1,000	\$ 47,656	\$ 104,166	\$ -	\$ -	\$ -	\$ 42
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	110,226	6,941	-
Charges for services	-	-	60,465	54,704	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	287,231	-	-	-
Total receipts	-	-	60,465	341,935	110,226	6,941	-
Disbursements:							
Personal services	-	10,928	13,759	12,541	94,002	-	-
Supplies	-	-	-	-	962	6,941	-
Other services and charges	-	263	566	12,530	10,158	-	-
Capital outlay	1,000	-	871	-	-	-	42
Other disbursements	-	-	-	-	-	-	-
Total disbursements	1,000	11,191	15,196	25,071	105,122	6,941	42
Excess (deficiency) of receipts over disbursements	(1,000)	(11,191)	45,269	316,864	5,104	-	(42)
Cash and investments - ending	\$ -	\$ 36,465	\$ 149,435	\$ 316,864	\$ 5,104	\$ -	\$ -

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Prosecutor/Victim Adv #807	Pre-Trial Div Traffic	Pre-Trial Div Check	Stop Violence Ag Women #904	Stop Violence Ag Women #905	Prosecutor/Victim Adv #907	Cts.Clock Grant
Cash and investments - beginning	\$ -	\$ 168,958	\$ 13,340	\$ -	\$ (6,602)	\$ (16,972)	\$ 1,000
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	8,357	-	-	4,693	13,754	36,137	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	261,806	5,951	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	8,357	261,806	5,951	4,693	13,754	36,137	-
Disbursements:							
Personal services	8,357	148,668	3,093	7,040	7,152	19,165	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	3,762	-	-	-	-	1,000
Capital outlay	-	12,856	-	-	-	-	-
Other disbursements	-	85,357	2,975	-	-	-	-
Total disbursements	8,357	250,643	6,068	7,040	7,152	19,165	1,000
Excess (deficiency) of receipts over disbursements	-	11,163	(117)	(2,347)	6,602	16,972	(1,000)
Cash and investments - ending	\$ -	\$ 180,121	\$ 13,223	\$ (2,347)	\$ -	\$ -	\$ -

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Local Health-Bioterrorism	Comm Dev Block Grant #511	Mo Co Partner Water Quality	Sex & Violent Offender Admin	Dui Task Force	Private Collection Agency	County Public Safety
Cash and investments - beginning	\$ (38)	\$ -	\$ 8,079	\$ 5,026	\$ (945)	\$ 882	\$ 3,482,189
Receipts:							
Taxes	-	-	-	-	-	-	1,815,609
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	8,665	-	-	-	10,000	932	-
Charges for services	-	-	-	4,738	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	60,874	12,074	-	-	-	-
Total receipts	8,665	60,874	12,074	4,738	10,000	932	1,815,609
Disbursements:							
Personal services	4,841	-	-	-	8,051	-	145,164
Supplies	394	-	999	-	-	-	10,000
Other services and charges	3,392	-	6,071	4,200	-	-	445,431
Capital outlay	-	-	-	630	987	-	212,989
Other disbursements	-	-	-	-	-	704	-
Total disbursements	8,627	-	7,070	4,830	9,038	704	813,584
Excess (deficiency) of receipts over disbursements	38	60,874	5,004	(92)	962	228	1,002,025
Cash and investments - ending	\$ -	\$ 60,874	\$ 13,083	\$ 4,934	\$ 17	\$ 1,110	\$ 4,484,214

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	169 Community Planning	Comm Corr Grant #780	Victim Assistance #906	Comm Corr Grant #277	Recreational Trails Prog	Painted Hills	Health H1N1
Cash and investments - beginning	\$ -	\$ 25,139	\$ -	\$ 28,187	\$ (13,392)	\$ 61,324	\$ 4,783
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	15,000	-	-	98,340	52,311	248,715	4,309
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	26,004	2,504
Total receipts	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>98,340</u>	<u>52,311</u>	<u>274,719</u>	<u>6,813</u>
Disbursements:							
Personal services	-	-	7,103	86,653	-	-	9,927
Supplies	-	-	-	1,690	-	-	1,137
Other services and charges	15,000	-	-	11,116	90,718	336,043	532
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	25,139	-	27,068	-	-	-
Total disbursements	<u>15,000</u>	<u>25,139</u>	<u>7,103</u>	<u>126,527</u>	<u>90,718</u>	<u>336,043</u>	<u>11,596</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(25,139)</u>	<u>(7,103)</u>	<u>(28,187)</u>	<u>(38,407)</u>	<u>(61,324)</u>	<u>(4,783)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,103)</u>	<u>\$ -</u>	<u>\$ (51,799)</u>	<u>\$ -</u>	<u>\$ -</u>

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Health H1N1 Phase 3	Jail Bond Proceeds	Cdbg	Health Immunization Prg	Brooklyn Pedestrian Bridge	Clerk Arra Fund	County General Arra Fund
Cash and investments - beginning	\$ 36,260	\$ 6,930,000	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	91,372	-	-	1,789	28,695
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	30,436	250,202	-	54,000	-	-
Total receipts	-	30,436	341,574	-	54,000	1,789	28,695
Disbursements:							
Personal services	3,272	11,917	-	-	-	-	-
Supplies	2,807	-	217	486	-	-	-
Other services and charges	1,924	245,828	22,522	-	-	-	-
Capital outlay	14,275	4,617,552	428,916	-	13,014	-	-
Other disbursements	13,982	-	-	-	-	-	-
Total disbursements	36,260	4,875,297	451,655	486	13,014	-	-
Excess (deficiency) of receipts over disbursements	(36,260)	(4,844,861)	(110,081)	(486)	40,986	1,789	28,695
Cash and investments - ending	\$ -	\$ 2,085,139	\$ (110,081)	\$ (486)	\$ 40,986	\$ 1,789	\$ 28,695

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Prosecutor Arra Fund	Health Bioterrorism #812	Hazard Mitigation Primary #814	Hazard litigation-Hendersc #815	Cumulative Capital Development	Cumulative Bridge	Cumulative Building
Cash and investments - beginning	\$ -	\$ (10,080)	\$ -	\$ -	\$ 5,356,601	\$ 803,224	\$ 2,545,391
Receipts:							
Taxes	-	-	-	-	521,507	294,637	324,101
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	12,963	26,589	1,403,109	-	376,937	43,481	41,312
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	754,323	182,624	17,812	-	7,137
Total receipts	<u>12,963</u>	<u>26,589</u>	<u>2,157,432</u>	<u>182,624</u>	<u>916,256</u>	<u>338,118</u>	<u>372,550</u>
Disbursements:							
Personal services	-	16,509	-	-	-	241,886	-
Supplies	-	-	651	-	-	-	-
Other services and charges	-	-	67,567	-	-	154,298	30,050
Capital outlay	-	-	1,286,748	-	21,036	38,975	-
Other disbursements	-	-	-	-	662,329	-	-
Total disbursements	<u>-</u>	<u>16,509</u>	<u>1,354,966</u>	<u>-</u>	<u>683,365</u>	<u>435,159</u>	<u>30,050</u>
Excess (deficiency) of receipts over disbursements	<u>12,963</u>	<u>10,080</u>	<u>802,466</u>	<u>182,624</u>	<u>232,891</u>	<u>(97,041)</u>	<u>342,500</u>
Cash and investments - ending	<u>\$ 12,963</u>	<u>\$ -</u>	<u>\$ 802,466</u>	<u>\$ 182,624</u>	<u>\$ 5,589,492</u>	<u>\$ 706,183</u>	<u>\$ 2,887,891</u>

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Sheriff's Pension	City And Town Court Costs	Clerk's Trust	Surplus Tax Sale	Tax Sale Redemption	Surplus Tax	State Fines And Forfeitures
Cash and investments - beginning	\$ 4,120,162	\$ 5,744	\$ 19,572	\$ 471,511	\$ -	\$ 59,225	\$ 2,395
Receipts:							
Taxes	371,200	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	461,160	12,848	1,388,648	353,674	255,241	163,025	11,715
Total receipts	<u>832,360</u>	<u>12,848</u>	<u>1,388,648</u>	<u>353,674</u>	<u>255,241</u>	<u>163,025</u>	<u>11,715</u>
Disbursements:							
Personal services	153,921	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	70,221	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	3,916	12,265	1,334,494	547,409	255,241	121,351	12,031
Total disbursements	<u>228,058</u>	<u>12,265</u>	<u>1,334,494</u>	<u>547,409</u>	<u>255,241</u>	<u>121,351</u>	<u>12,031</u>
Excess (deficiency) of receipts over disbursements	<u>604,302</u>	<u>583</u>	<u>54,154</u>	<u>(193,735)</u>	<u>-</u>	<u>41,674</u>	<u>(316)</u>
Cash and investments - ending	<u>\$ 4,724,464</u>	<u>\$ 6,327</u>	<u>\$ 73,726</u>	<u>\$ 277,776</u>	<u>\$ -</u>	<u>\$ 100,899</u>	<u>\$ 2,079</u>

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Overweight Vehicle Fines	Recorder	Sheriff	Infraction Judgements	Inheritance Tax	Homestead Credit (Local Option)	Prop Replacement & Homestead Credit
Cash and investments - beginning	\$ 886	\$ 26,760	\$ 38,090	\$ 15,789	\$ 158,430	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	332,154	2,139,837	246,840	1,097,081	14,052,567	4,684,192
Total receipts	-	332,154	2,139,837	246,840	1,097,081	14,052,567	4,684,192
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	886	301,795	2,149,431	248,024	966,050	14,052,567	4,684,192
Total disbursements	886	301,795	2,149,431	248,024	966,050	14,052,567	4,684,192
Excess (deficiency) of receipts over disbursements	(886)	30,359	(9,594)	(1,184)	131,031	-	-
Cash and investments - ending	\$ -	\$ 57,119	\$ 28,496	\$ 14,605	\$ 289,461	\$ -	\$ -

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Sale Of County Owned Property	Probation Department Agency	Payroll	Perf	Payroll Withholding-Insurance	Life Insurance	Insurance-Other
Cash and investments - beginning	\$ -	\$ 88,182	\$ -	\$ 214,282	\$ -	\$ 1,099	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	52,557	624,121	9,531,364	771,834	63,842	48,363	183,060
Total receipts	52,557	624,121	9,531,364	771,834	63,842	48,363	183,060
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	52,557	640,436	9,531,364	763,393	63,842	48,338	183,060
Total disbursements	52,557	640,436	9,531,364	763,393	63,842	48,338	183,060
Excess (deficiency) of receipts over disbursements	-	(16,315)	-	8,441	-	25	-
Cash and investments - ending	\$ -	\$ 71,867	\$ -	\$ 222,723	\$ -	\$ 1,124	\$ -

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Special Death Benefit	Education Plate Fees Agency	Financial Institution Tax	Sheriff Retirement	Wheel Tax	Sur Tax
Cash and investments - beginning	\$ 505	\$ -	\$ -	\$ -	\$ 1,866	\$ 26,703
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	5,775	1,838	179,036	33,673	119,679	670,776
Total receipts	5,775	1,838	179,036	33,673	119,679	670,776
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	5,865	1,838	179,036	33,673	121,545	697,479
Total disbursements	5,865	1,838	179,036	33,673	121,545	697,479
Excess (deficiency) of receipts over disbursements	(90)	-	-	-	(1,866)	(26,703)
Cash and investments - ending	\$ 415	\$ -	\$ -	\$ -	\$ -	\$ -

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Mortgage Fees-State Share	Child Restraint Violations Fines	Cvet Agency	Homestead Credit Rebate	Hea 1001 State Homestead Credit	Loit Property Tax Relief
Cash and investments - beginning	\$ 648	\$ 175	\$ -	\$ 22,630	\$ 2,494	\$ 476,154
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	6,933	2,400	271,020	7,666	663,069	14,060,775
Total receipts	<u>6,933</u>	<u>2,400</u>	<u>271,020</u>	<u>7,666</u>	<u>663,069</u>	<u>14,060,775</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	6,758	2,425	271,020	-	669,301	14,047,629
Total disbursements	<u>6,758</u>	<u>2,425</u>	<u>271,020</u>	<u>-</u>	<u>669,301</u>	<u>14,047,629</u>
Excess (deficiency) of receipts over disbursements	<u>175</u>	<u>(25)</u>	<u>-</u>	<u>7,666</u>	<u>(6,232)</u>	<u>13,146</u>
Cash and investments - ending	<u>\$ 823</u>	<u>\$ 150</u>	<u>\$ -</u>	<u>\$ 30,296</u>	<u>\$ (3,738)</u>	<u>\$ 489,300</u>

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Loit Operating	Loit Public Safety	Cedit Homestead Credit	Tax Distribution	After Settlement Collections	Aflac #216
Cash and investments - beginning	\$ -	\$ -	\$ 20,614	\$ -	\$ 977,542	\$ 3,843
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	<u>2,779,275</u>	<u>3,474,094</u>	<u>979,072</u>	<u>52,807,697</u>	<u>52,111,462</u>	<u>49,875</u>
Total receipts	<u>2,779,275</u>	<u>3,474,094</u>	<u>979,072</u>	<u>52,807,697</u>	<u>52,111,462</u>	<u>49,875</u>
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	<u>2,779,275</u>	<u>3,474,094</u>	<u>986,047</u>	<u>52,807,697</u>	<u>52,217,392</u>	<u>49,896</u>
Total disbursements	<u>2,779,275</u>	<u>3,474,094</u>	<u>986,047</u>	<u>52,807,697</u>	<u>52,217,392</u>	<u>49,896</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>(6,975)</u>	<u>-</u>	<u>(105,930)</u>	<u>(21)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,639</u>	<u>\$ -</u>	<u>\$ 871,612</u>	<u>\$ 3,822</u>

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	United Way	Vol Perf Contribution	Economic Dev Income Tax (Edit)	Sex & Violent Offender State	Sales Discl-State Asses Train	Coroner's Con'T Ed Fund
Cash and investments - beginning	\$ -	\$ 11,079	\$ -	\$ 63	\$ 665	\$ 362
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	1,014	42,698	3,250,778	527	6,395	4,379
Total receipts	1,014	42,698	3,250,778	527	6,395	4,379
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	1,014	43,290	3,250,778	549	6,470	3,946
Total disbursements	1,014	43,290	3,250,778	549	6,470	3,946
Excess (deficiency) of receipts over disbursements	-	(592)	-	(22)	(75)	433
Cash and investments - ending	\$ -	\$ 10,487	\$ -	\$ 41	\$ 590	\$ 795

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Health Dept	Interstate Compact Fee	Clerk's Interest Trust	Clerk's Child Support	Clerk's Petty Cash	Clerk's Bonds
Cash and investments - beginning	\$ 22,822	\$ 38	\$ 549,503	\$ 7,619	\$ 150	\$ 568,575
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	107,116	425	9,035	1,584,587	-	580,796
Total receipts	107,116	425	9,035	1,584,587	-	580,796
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	129,938	463	204,999	1,579,020	-	579,262
Total disbursements	129,938	463	204,999	1,579,020	-	579,262
Excess (deficiency) of receipts over disbursements	(22,822)	(38)	(195,964)	5,567	-	1,534
Cash and investments - ending	\$ -	\$ -	\$ 353,539	\$ 13,186	\$ 150	\$ 570,109

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Prosecutor's Misc Trust	Probation Certificate	Co Economic Dev Fund	Loit Stabilization	Sheriff Inmate Trust	Morgan Co Plan Commission
Cash and investments - beginning	\$ 175	\$ 15,000	\$ 4,850	\$ 3,384,665	\$ 31,140	\$ 3,049
Receipts:						
Taxes	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-
Other receipts	-	69	3,550	551,548	315,825	81,514
Total receipts	-	69	3,550	551,548	315,825	81,514
Disbursements:						
Personal services	-	-	-	-	-	-
Supplies	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Other disbursements	175	69	7,350	-	321,583	80,243
Total disbursements	175	69	7,350	-	321,583	80,243
Excess (deficiency) of receipts over disbursements	(175)	-	(3,800)	551,548	(5,758)	1,271
Cash and investments - ending	\$ -	\$ 15,000	\$ 1,050	\$ 3,936,213	\$ 25,382	\$ 4,320

MORGAN COUNTY  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For The Year Ended December 31, 2010  
 (Continued)

	Recorder Cash	Health Dept Cash	Prosecutor-Check Deception	Hea1001/Final Ptrc	Self Insurance	Totals
Cash and investments - beginning	\$ 50	\$ 35	\$ -	\$ -	\$ 320,448	\$ 52,517,842
Receipts:						
Taxes	-	-	-	-	-	18,695,291
Licenses and permits	-	-	-	-	-	80,243
Intergovernmental	-	-	-	-	-	8,674,934
Charges for services	-	-	-	-	-	2,359,004
Fines and forfeits	-	-	-	-	-	798,540
Other receipts	-	-	21,980	219,603	2,805,435	176,990,489
Total receipts	-	-	21,980	219,603	2,805,435	207,598,501
Disbursements:						
Personal services	-	-	-	-	-	14,118,351
Supplies	-	-	-	-	-	1,529,700
Other services and charges	-	-	-	-	-	7,476,630
Capital outlay	-	-	-	-	-	8,129,228
Other disbursements	-	-	21,180	219,603	3,207,268	176,208,982
Total disbursements	-	-	21,180	219,603	3,207,268	207,462,891
Excess (deficiency) of receipts over disbursements	-	-	800	-	(401,833)	135,610
Cash and investments - ending	\$ 50	\$ 35	\$ 800	\$ -	\$ (81,385)	\$ 52,653,452

MORGAN COUNTY  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2010

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:		
Motor Grader Excavator	\$ 83,848	\$ 45,727
2 Dump Trucks	84,095	45,115
2 Dump Trucks	84,105	45,115
Kenworth Dump Trucks	159,465	45,035
Kenworth Dump Trucks	159,465	45,035
John Deere	21,404	5,987
Revenue bonds:		
Jail Expansion & Work Release	<u>6,725,000</u>	<u>414,023</u>
Total governmental activities debt	<u>\$ 7,317,382</u>	<u>\$ 646,037</u>

MORGAN COUNTY  
OTHER REPORT

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

Board of County Commissioners

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF MORGAN COUNTY, INDIANA

Compliance

We have audited the compliance of the Morgan County (County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended December 31, 2010. 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, 2010. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2010-1.

Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for

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)

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.

A deficiency in 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as items 2010-1 and 2010-2. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The County's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the County's response and, accordingly, we express no opinion on the response.

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

August 4, 2011

MORGAN COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2010

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Direct Grant			
ARRA - Emergency Watershed Protection Program	10.923		
ARRA USDA 2008 EWP Flooding - Painted Hills		65-52KY-9-0092	\$ 239,715
ARRA USDA 2008 EWP Flooding - Painted Hills		65-52KY-9-0039	9,000
Total for federal grantor agency			<u>248,715</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Pass-Through Office of Community and Rural Affairs			
CDBG - State-Administered Small Cities Program Cluster			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	A192-10-DR1A-09-027	114,551
		A192-10-DR1A-09-042	78,294
		A192-10-DR1A-09-047	1,513
		DR1HB-009-009	91,371
Total for cluster			<u>285,729</u>
Direct			
Community Development Block Grants/Brownsfields Economic Development Initiative 2003 EDI Special Project Grant	14.246	B-03-SP-IN-0242	337,248
Total for federal grantor agency			<u>622,977</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Pass-Through Indiana Criminal Justice Institute			
Crime Victim Assistance			
Victim Assistance Program	16.575	09VA110	36,137
		09VAPR183	8,357
Total for program			<u>44,494</u>
Violence Against Women Formula Grant	16.588		
Violence Against Women Program		10STRP002	4,694
		09ST027	13,754
Total for program			<u>18,448</u>
Total for federal grantor agency			<u>62,942</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Pass-Through Indiana Department of Transportation			
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205	500.826	166,181
Pass-Through Indiana Department of Natural Resources			
Recreational Trails Program			
	20.219		52,311
Total for cluster			<u>218,492</u>
Pass-Through Indiana Criminal Justice Institute			
Highway Safety Cluster			
State and Community Highway Safety	20.600		
Seat-Belt Big City County		OP-10-01-01-78	15,300
		OP-10-01-01-72	3,750
Total for program			<u>19,050</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

MORGAN COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended December 31, 2010  
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF TRANSPORTATION (continued)</u>			
Pass-Through Indiana Criminal Justice Institute (continued)			
Alcohol Impaired Driving Countermeasures Incentive Grants 1 DUI Task Force	20.601	K8-2010-03-03-23	<u>10,000</u>
Total for cluster			<u>29,050</u>
Total for federal grantor agency			<u>247,542</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through Indiana State Department of Health			
Immunization Cluster		A070-1-073075	<u>9,232</u>
Immunization Grants	93.268		
Public Health Emergency Preparedness	93.069		
Health Bioterrorism			35,254
Health H1N1			<u>4,309</u>
Total for program			<u>39,563</u>
Pass-Through Indiana Department of Child Services			
Child Support Enforcement	93.563		
ARRA Incentive Expenditures			28,063
Child Support			<u>250,202</u>
Total for program			<u>278,265</u>
Total for federal grantor agency			<u>327,060</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Pass-Through Indiana Department of Homeland Security			
Homeland Security Cluster			
Citizens Corps	97.053	C44P-0412A	<u>6,941</u>
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	109-99109-00	<u>10,672</u>
Hazard Mitigation Grant	97.039	C44P-9-369A	<u>1,403,109</u>
Emergency Management Performance Grants			
FY 2009 Local Salary Allocation	97.042	C449-0-304A	<u>18,727</u>
Total for federal grantor agency			<u>1,439,449</u>
Total federal awards expended			<u>\$ 2,948,685</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

MORGAN COUNTY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

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

II. Subrecipients

Of the federal expenditures presented in the schedule, the County provided federal awards to subrecipients as follows for the year ended December 31, 2010:

Program Title	Federal CFDA Number	2010
CDBG – State-Administered Small Cities Program Cluster	14.228	\$ 78,294

MORGAN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency identified?	Yes
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?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
14.246	Community Development Block Grants/Brownfields Economic Development Initiative
97.039	Hazard Mitigation Grant

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

Auditee qualified as low-risk auditee? no

**Section II – Financial Statement Findings**

No matters are reportable.

MORGAN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**Section III – Federal Award Findings**

**FINDING 2010-1 - REPORTING**

Federal Agency: U.S. Department of Housing and Urban Development  
Federal Program: Community Development Block Grants/Brownfields Economic Development Initiative  
CFDA Number: 14.246  
Federal Award Number and Year: EDI-Special Project No. B-03-SP-IN-0242 FY 2003  
Direct Grant

As part of the grant agreement between the County and U.S. Department of Housing and Urban Development, the grantee shall submit to the Grant Officer a written request to close-out the grant 30 days after the grantee has drawn down all funds and completed the activities described in the application, as may be amended; however, the County did not submit a written request to close-out the grant. The Officials for the County have not established any controls or procedures for preparing or filing the required close-out request.

The 2005 Grant agreement between the County and U.S. Department of Housing and Urban Development Article VI, Section A, states: "The final report shall consist of (1) a narrative of all work accomplished during the project period and (2) a completed Financial Status Report - Form 269A covering the entire project period. HUD will then send the Close-out Agreement and Close-out Certification to the Grantee. The Grantee shall provide to HUD the following documentation: 1. A Certificate of Project Close-out. 2. A Grant Close-out Agreement. 3. A final report giving the amount and types of project costs charged to the grant; a certification of the costs, and the amounts and sources of other project funds. 4. A final performance report providing a comparison of actual accomplishment with each of the project commitments and objectives indicated in the approved application, the reasons for slippage if established objectives were not met and additional pertinent information including explanation of significant cost overruns. When HUD has determined that the grant funds are allowable, the activities were completed as described by the Grant Agreement, and all Federal requirements were satisfied, HUD and the Grantee will sign the Close-out Agreement and Close-out Certificate."

The County is not in compliance with reporting requirements for this program. Failure to comply with these requirements could cause the County to be ineligible to receive future federal awards.

We recommended that officials establish controls to monitor the reporting requirements for federal grants. We also recommend the County prepare all required reports on a timely basis, and that they contact the U.S. Department of Housing and Urban Development regarding closing out the grant as required.

**FINDING 2010-2 - INTERNAL CONTROLS OVER REAL PROPERTY MANAGEMENT**

Federal Agency: U.S. Department of Homeland Security  
Federal Program: Hazard Mitigation Grant  
CFDA Number: 97.039  
Award Number: C44P-0-369A  
Pass-Through Entity: Indiana Department of Homeland Security

The County has not developed and maintained adequate internal controls over capital assets. Records are not maintained which would account for all capital assets acquired with federal financial assistance and which would allow for the proper conducting of inventories of such.

MORGAN COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

As a result, the County is unable to effectively monitor the retention or disposition of capital assets acquired with federal funds. Failure to conduct complete and accurate inventories and to reconcile the results to the detailed capital asset ledger could result in some assets being lost, stolen, or misappropriated and not detected with a reasonable time by County officials.

44CFR Subpart C, Section 13.31 states in part:

"(c) Disposition. When real property is no longer needed for the originally authorized purpose, the grantee or subgrantee will request disposition instructions from the awarding agency 1) Retention of title. Retain title after compensating the awarding agency. The amount paid to the awarding agency will be computed by applying the awarding agency's percentage of participation in the cost of the original purchase to the fair market value of the property. However, in those situations where a grantee or subgrantee is disposing of real property acquired with grant funds and acquiring replacement real property under the same program, the net proceeds from the disposition may be used as an offset to the cost of the replacement property."

We recommended that the County maintain a capital asset system with sufficient information to allow compliance with 44CFR Subpart C. We also recommended that the County design and properly monitor procedures that would ensure that inventories of property and equipment are conducted on an annual basis and that inventories are reconciled to the detailed capital assets ledger.

**BRENDA ADAMS**  
**AUDITOR OF MORGAN COUNTY**  
**180 South Main Street, Suite 104**  
**Martinsville, IN 46151**  
**(765) 342-1001**

**CORRECTIVE ACTION PLAN FOR MORGAN COUNTY**  
**Emergency Watershed Protection Program**  
**Agreement #65-52KY-9-0092**

Date: August 2, 2011  
To: State Board of Accounts  
State: Indiana  
County: Morgan County Commissioners  
EWP Event: 2008 EWP Flooding  
Audit No. B37356  
Re: Davis-Bacon Act

This is to notify you the Corrective Action Plan presented to the State Board of Accounts on June 14, 2010 has been completed.

Sincerely,



Brenda Adams  
Morgan County Auditor

**BRENDA ADAMS**  
**AUDITOR OF MORGAN COUNTY**  
180 South Main Street, Suite 104  
Martinsville, IN 46151  
(765) 342-1001

August 2, 2011

MORGAN COUNTY  
CORRECTIVE ACTION PLAN

To: State Board of Account

Re: Federal Finding 2010-1. Internal Control Over Reporting  
U. S. Department of Housing and Urban Development  
Community Development Block Grant CFDA #14.246  
EDI-Special Project No. B-03-SP-IN-0242 FY 2003

This letter is to serve as our intent to correct the reporting requirements for the above described grant; and to close out the grant as required by the U.S. Department of Housing and Urban Development.

Sincerely,



Brenda Adams  
Morgan County Auditor

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

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

August 2, 2011

MORGAN COUNTY  
CORRECTIVE ACTION PLAN

To: State Board of Accounts

Re: Equipment and Real Property Management  
Finding 2010-2

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

- Morgan County plans to contact Michael M. Nielson of Government Fixed Asset Services to assist the County in implementing a Capital Asset System
- Acquire funding through the Morgan County Commissioners or the Morgan County Council.

Sincerely,



Brenda Adams  
Morgan County Auditor

MORGAN COUNTY  
EXIT CONFERENCE

The contents of this report were discussed on August 8, 2011, with Brenda Adams, Auditor; Norman Voyles, President of Board of the County Commissioners; and Kenneth L. Hale, President of the County Council. Our audit disclosed no material items that warrant comment at this time.