

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF
MORGAN COUNTY, INDIANA
January 1, 2016 to December 31, 2016



FILED
09/28/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
County Auditor	Dan Bastin	01-01-15 to 12-31-18
County Treasurer	Julie Minton	01-01-13 to 12-31-20
Clerk of the Circuit Court	Stephanie Elliott	01-01-15 to 12-31-18
County Sheriff	Robert Downey	01-01-15 to 12-31-18
County Recorder	Pamela Kivett Jana K. Gray	01-01-13 to 12-31-16 01-01-17 to 12-31-20
President of the Board of County Commissioners	Norman Voyles	01-01-16 to 12-31-18
President of the County Council	Ryan T. Goodwin Bryan Collier	01-01-16 to 12-31-16 01-01-17 to 12-31-18



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF MORGAN COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of Morgan County (County), which comprises the financial position and results of operations for the year ended December 31, 2016, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the County for the year ended December 31, 2016.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the County for the year ended December 31, 2016, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the County's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

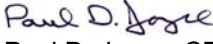
Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated September 10, 2018, 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 solely 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 effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

September 10, 2018



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

TO: THE OFFICIALS OF MORGAN COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of Morgan County (County), which comprises the financial position and results of operations for the year ended December 31, 2016, and the related notes to the financial statement, and have issued our report thereon dated September 10, 2018, wherein we noted the County followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

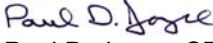
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

September 10, 2018

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

MORGAN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2016

Fund	Cash and Investments		Cash and Investments	
	01-01-16	Receipts	Disbursements	12-31-16
After Settlement Collections	\$ 1,618,980	\$ 2,145,639	\$ 1,618,980	\$ 2,145,639
Sheriff's Inmate Trust	67,441	532,284	548,408	51,317
Jail Commissary	263,400	274,808	205,706	332,502
Sheriff's Cashbook	56,778	5,569,496	5,577,670	48,604
General	3,297,368	10,751,409	9,125,029	4,923,748
Accident Report	19,117	8,364	6,424	21,057
CAGIT County Certified Shares	2,164,595	5,037,155	5,140,288	2,061,462
Campaign Finance Enforcement - County	1,480	170	-	1,650
CEDIT County Share	7,475,967	2,007,550	2,225,073	7,258,444
City and Town Court Costs	4,805	9,553	9,577	4,781
Clerk's Records Perpetuation	27,823	21,321	11,563	37,581
Convention Visitor and Tourism Promotion	132,106	146,953	226,000	53,059
Sales Disclosure - County Share	39,238	8,875	24,502	23,611
Cumulative Bridge	565,006	361,765	366,577	560,194
Cumulative Building	2,394,147	8,826	286,238	2,116,735
Cumulative Capital Development	4,817,150	1,116,211	879,294	5,054,067
Drug Free Community	122,820	51,504	37,247	137,077
Economic Development Fee	150	2,550	2,500	200
Emergency Planning/Right To Know	50,468	5,190	3,381	52,277
Extradition	1,404	633	1,746	291
Firearms Training	55,413	81,468	40,014	96,867
General Drain Improvement	856,098	-	-	856,098
Health	91,162	513,825	488,589	116,398
Identification Security Protection	35,707	6,768	24,571	17,904
Local Health Maintenance	51,878	78,963	44,541	86,300
Local Road and Street	1,399,884	2,155,345	1,713,543	1,841,686
LOIT Public Safety - County Share	2,136,696	1,951,684	2,918,160	1,170,220
Misdemeanant	-	40,981	39,861	1,120
Motor Vehicle Highway	847,189	3,194,697	3,004,359	1,037,527
Plat Book	109,455	18,505	90,860	37,100
Rainy Day	4,487,712	552,984	-	5,040,696
Reassessment - 2015	2,406,592	8,519	559,293	1,855,818
Recorder's Records Perpetuation	339,122	161,346	274,903	225,565
Riverboat	2,340,040	269,764	361,503	2,248,301
Sex and Violent Offender Administration	14,988	4,749	-	19,737
Supplemental Public Defender Services	282,505	107,132	211,932	177,705
Surplus Tax	46,495	50,303	45,681	51,117
Surveyor's Corner Perpetuation	89,367	14,810	229	103,948
Tax Sale Redemption	-	99,542	99,542	-
Tax Sale Surplus	1,124,141	954,465	1,126,481	952,125
Local Health Dept Trust Acct	60,491	48,657	12,326	96,822
GAL/CASA	24,537	19,207	13,839	29,905
Auditors Ineligible Deductions	25,112	4,673	-	29,785
County Elected Officials Training	29,344	6,768	3,407	32,705
Statewide 911	929,955	685,977	688,279	927,653
LOIT Special Distribution	-	1,658,952	1,130,478	528,474
Supplemental Adult Probation Services	290,445	235,263	343,251	182,457
Supplemental Juvenile Probation Services	15,494	16,320	792	31,022
Lake Ditch Drain Maint	104,163	59,324	28,995	134,492
Henderson Ford TIF Fund	-	37,548	-	37,548
Dispatch Center	170,308	533	56,054	114,787
Self Insurance	1,472,030	2,338,240	2,053,815	1,756,455
Payroll Clearing	47,841	12,964,775	13,012,616	-
Payroll Withholding - PERF	-	1,299,665	1,299,665	-
Payroll Withholding - Sheriff Pension	-	41,225	41,225	-
Settlement	-	54,089,313	54,089,313	-
CVET Agency	-	259,234	259,234	-
Financial Institution Tax	-	311,833	311,833	-
CEDIT Homestead Credit	16,862	765,027	769,153	12,736
LOIT PTRC	409,390	13,964,665	14,050,254	323,801
State Fines and Forfeitures	901	8,157	7,453	1,605
Infraction Judgements	6,105	95,617	96,207	5,515
Special Death Benefit	520	7,000	6,930	590
Sales Disclosure - State Share	785	8,910	8,845	850
Coroners Training & Con't Education	374	4,794	4,848	320
Interstate Compact - State Share	-	340	278	62
Mortgage Recording Fees - State Share	540	7,698	7,548	690
DLGF Homestead Property Database	1	5	6	-
Sex and Violent Offender Admin - State	30	528	543	15
Child Restraint Violations Fines	100	475	575	-
Inheritance Tax	-	824	824	-
Education Plate Fees Agency	-	975	975	-
Riverboat Revenue Sharing	-	408,108	408,108	-
CAGIT Distribution	-	14,699,647	14,699,647	-
CEDIT Distribution	-	2,942,411	2,942,411	-
LOIT 2016 Special Distribution	-	4,917,987	4,917,987	-
93.563 Prosecutor PCA	7,011	5,540	3,324	9,227
93.563 Title IV-D Incentive	72,216	28,278	35,823	64,671
93.563 Prosecutor IV-D Incentive-Post Oct '99	70,104	42,550	69,155	43,499
93.563 Clerk IV-D Incentive-Post Oct '99	58,554	28,326	23,961	62,919
Clerk's Child Support	13,794	792,701	798,882	7,613

MORGAN COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended December 31, 2016

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16
Clerk's Interest Bearing	116,783	239,330	258,794	97,319
Jury User Fee	7,893	11,837	16,123	3,607
ADAPT	35,811	47,157	38,867	44,101
Co Law Enforce Continuing Ed	12,289	3,575	-	15,864
Law Enforcement Co User Fee	14,540	2,663	2,663	14,540
Pretrial Div-Traffic	156,818	324,232	217,981	263,069
Pretrial Div-Check	20,267	2,550	1,445	21,372
Administration Fees	84,028	45,451	100	129,379
Comm Corr Proj Income 14-15	-	345,940	87,922	258,018
K-9 Donations	277	400	-	677
EMA Donations	600	500	-	1,100
CASA Donations	319	-	301	18
Flood Homes Demolition	101,230	1,069	-	102,299
Mo Co Partner Water Quality	21,656	10,925	4,257	28,324
Work Release Intake Fee	2,200	4,205	-	6,405
Law Enforcement Fund	16,471	5,304	5,707	16,068
Federal Forfeited Property	17,209	-	12,050	5,159
Co Offender Transportation	1,933	340	-	2,273
United Way	-	1,446	1,446	-
Insurance Group Trust	-	452,811	452,811	-
Life Insurance	1,172	55,348	52,753	3,767
Dental & Vision	-	76,439	76,439	-
AFLAC	3,978	50,888	51,042	3,824
Vol PERF Contributions	-	39,587	39,587	-
Sur Tax	93,953	1,846,711	1,819,293	121,371
Wheel Tax	10,148	354,379	351,604	12,923
LOIT Prop Tax Oper Levies Rep	-	3,939,506	3,939,506	-
LOIT Public Safety	-	3,674,912	3,674,912	-
16.607 Bullet Proof Vest	-	12,631	14,782	(2,151)
93.074 Bioterror Base 15-16	(10,028)	10,680	652	-
14.228 CDBG-Primary	393	-	-	393
14.228 CDBG-Old Town Waverly	1,338	-	-	1,338
20.600 Operation Pullvoer	(3,249)	29,564	28,936	(2,621)
20.205 Brooklyn Pedest Bridge	(52,124)	52,124	-	-
97.039 HAZ MIT-Primary	202	-	-	202
97.039 HAZ MIT-Henderson	3,923	-	-	3,923
16.588 STOP Viol Ag Wo 15-16	(7,680)	16,000	8,320	-
16.575 VOCA	-	-	8,032	(8,032)
16.588 STOP Viol Ag Wo	-	-	7,680	(7,680)
93.074 Bioterror Base	-	-	22,383	(22,383)
14.228 CDBG-2010 Waverly	-	10,739	10,739	-
93.074 Bioterror CRI	-	-	261	(261)
Comm Corr Grant 15-16	109,919	98,597	208,516	-
Comm Corr Grant	-	354,821	178,249	176,572
Comm Corr Proj Income 15-16	315,993	122,087	438,080	-
MC Pros Fed Forfeiture	1,654	1,959	-	3,613
93.074 Bioterror MRC 15-16	-	5,286	5,286	-
14.228 CDBG-Johnson	-	5,290	5,290	-
Naccho MRC	518	-	518	-
Clerk's Trust & Registry	907,548	3,385,528	3,404,331	888,745
Dispatch Center Reserve	295,438	-	-	295,438
Morgan Co Redevelopment Comm	329,403	18,730	302,926	45,207
97.042 EMP Competitive	-	4,613	4,613	-
93.074 Bioterror CRI 15-16	(2,354)	18,483	16,129	-
97.039 Haz Mit-2013 Morgan Co	-	71,779	71,779	-
Hilldale Drain Maint	8,749	11,141	1,872	18,018
M A Nutter Drain Maint	17,962	21,836	17,589	22,209
Sartor Drain Maint	17,879	22,913	39,497	1,295
Sedwick Drain Maint	1,202	3,484	500	4,186
Jail Bond Proceeds	9,484	-	2,290	7,194
RDC Bond Prin & Int	333,441	-	130,444	202,997
RDC Debt Service Reserve	382,831	-	-	382,831
PSAP-Operating	181,623	621,872	632,164	171,331
PSAP-Personnel	99,482	-	1,535	97,947
14.228 CDBG-Hart Lake	12,657	902,845	915,502	-
16.575 VOCA 15-16	(8,008)	33,427	25,419	-
14.228 Martinsville Youth Center	3,267	321,446	324,713	-
Commissioners Tax Cert Sale	-	9,220	9,220	-
15.916 White River Green Ph 1	-	15,045	15,045	-
CASA Capacity Building Grant	-	8,863	8,044	819
Juvenile Comm Corr 16-17	-	42,407	31,418	10,989
Operation Round Up-Sheriff	-	3,300	3,249	51
Comm Crossing Match Grant	-	2,130,478	581,837	1,548,641
Totals	\$ 47,332,732	\$ 171,038,869	\$ 168,122,567	\$ 50,249,034

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

MORGAN COUNTY
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

The accompanying financial statement presents the financial information for the County.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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

C. Cash and Investments

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

D. Receipts

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

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

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

MORGAN COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Intergovernmental receipts. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions 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. Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines 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. Amounts received from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

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

E. Disbursements

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

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

Supplies. Amounts disbursed for 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, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Debt service - principal and interest. Amounts disbursed for 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. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

MORGAN COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Other disbursements. Amounts disbursed for various other purposes including, but not limited to, the following: interfund loan payments; loans made to other funds; internal service disbursements; and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The County may, from time to time, make transfers 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 amounts 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 amounts accounted for in a specific fund may only be available for use for certain, legally-restricted purposes. Additionally, some funds are used to account for assets held by the County in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and, therefore, the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

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

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the County in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

MORGAN COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

State statutes authorize the County to invest in securities including, but not limited to, the following: 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 statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

MORGAN COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. County Police Retirement Plan

Plan Description

The County Police Retirement Plan is a single-employer defined benefit pension plan. With the approval of the County's fiscal body, the plan is administered by the sheriff's department and an appointed trustee as authorized by state statute (IC 36-8-10-12) for full-time police officers. The plan provides retirement, death, and disability benefits to plan members and beneficiaries. Funds designated for payments related to this plan are accounted for in a pension trust fund. The activity of this trust fund has not been reflected in the financial statement. The trustee issues a publicly available financial report that includes financial statements and required supplementary information of the plan. The report may be obtained by contacting the county sheriff.

Funding Policy

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

C. County Police Benefit Plan

Plan Description

The County Police Benefit Plan is a single-employer defined benefit pension plan. With the approval of the County's fiscal body, the plan is administered by the sheriff's department and an appointed trustee as authorized by state statute (IC 36-8-10-12) for full-time police officers. The plan provides dependent pensions, life insurance, and disability benefits to plan members and beneficiaries. Funds designated for payments related to this plan are accounted for in a pension trust fund. The activity of this trust fund has not been reflected in the financial statement. The trustee issues a publicly available financial report that includes financial statements and required supplementary information of the plan. The report may be obtained by contacting the county sheriff.

Funding Policy

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursements for expenditures made by the County were not received by December 31, 2016.

OTHER INFORMATION - UNAUDITED

The County's Annual Financial Report information can be found on the Indiana Gateway for Government Units website: <https://gateway.ifionline.org/>.

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

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

MORGAN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	After Settlement Collections	Sheriff's Inmate Trust	Jail Commissary	Sheriff's Cashbook	General	Accident Report	CAGIT County Certified Shares	Campaign Finance Enforcement County
Cash and investments - beginning	\$ 1,618,980	\$ 67,441	\$ 263,400	\$ 56,778	\$ 3,297,368	\$ 19,117	\$ 2,164,595	\$ 1,480
Receipts:								
Taxes	-	-	-	-	7,032,473	-	4,940,448	-
Licenses and permits	-	-	-	-	348,765	-	-	-
Intergovernmental receipts	-	-	-	-	2,284,057	-	90,165	-
Charges for services	-	-	-	-	582,524	8,364	-	-
Fines and forfeits	-	-	-	-	245,723	-	-	170
Other receipts	2,145,639	532,284	274,808	5,569,496	257,867	-	6,542	-
Total receipts	2,145,639	532,284	274,808	5,569,496	10,751,409	8,364	5,037,155	170
Disbursements:								
Personal services	-	-	-	-	6,618,109	-	3,506,194	-
Supplies	-	-	-	-	567,135	863	413,156	-
Other services and charges	-	-	-	-	1,650,354	13	1,202,752	-
Debt service - principal and interest	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	226,115	5,548	18,186	-
Other disbursements	1,618,980	548,408	205,706	5,577,670	63,316	-	-	-
Total disbursements	1,618,980	548,408	205,706	5,577,670	9,125,029	6,424	5,140,288	-
Excess (deficiency) of receipts over disbursements	526,659	(16,124)	69,102	(8,174)	1,626,380	1,940	(103,133)	170
Cash and investments - ending	\$ 2,145,639	\$ 51,317	\$ 332,502	\$ 48,604	\$ 4,923,748	\$ 21,057	\$ 2,061,462	\$ 1,650

MORGAN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	CEDIT County Share	City and Town Court Costs	Clerk's Records Perpetuation	Convention Visitor and Tourism Promotion	Sales Disclosure - County Share	Cumulative Bridge	Cumulative Building
Cash and investments - beginning	\$ 7,475,967	\$ 4,805	\$ 27,823	\$ 132,106	\$ 39,238	\$ 565,006	\$ 2,394,147
Receipts:							
Taxes	1,851,576	-	-	146,953	-	298,329	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	49,784	-	536	-	-	39,178	-
Charges for services	106,190	-	-	-	8,875	-	-
Fines and forfeits	-	9,553	20,785	-	-	-	-
Other receipts	-	-	-	-	-	24,258	8,826
Total receipts	2,007,550	9,553	21,321	146,953	8,875	361,765	8,826
Disbursements:							
Personal services	206,664	-	11,563	-	-	257,100	-
Supplies	13,296	-	-	-	-	-	-
Other services and charges	1,331,046	-	-	226,000	24,502	7,842	-
Debt service - principal and interest	-	-	-	-	-	56,914	286,238
Capital outlay	674,067	-	-	-	-	44,721	-
Other disbursements	-	9,577	-	-	-	-	-
Total disbursements	2,225,073	9,577	11,563	226,000	24,502	366,577	286,238
Excess (deficiency) of receipts over disbursements	(217,523)	(24)	9,758	(79,047)	(15,627)	(4,812)	(277,412)
Cash and investments - ending	\$ 7,258,444	\$ 4,781	\$ 37,581	\$ 53,059	\$ 23,611	\$ 560,194	\$ 2,116,735

MORGAN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Cumulative Capital Development	Drug Free Community	Economic Development Fee	Emergency Planning/Right To Know	Extradition	Firearms Training	General Drain Improvement
Cash and investments - beginning	\$ 4,817,150	\$ 122,820	\$ 150	\$ 50,468	\$ 1,404	\$ 55,413	\$ 856,098
Receipts:							
Taxes	951,668	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	81,468	-
Intergovernmental receipts	119,109	-	-	5,190	-	-	-
Charges for services	-	-	2,550	-	-	-	-
Fines and forfeits	-	51,504	-	-	-	-	-
Other receipts	45,434	-	-	-	633	-	-
Total receipts	1,116,211	51,504	2,550	5,190	633	81,468	-
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	118	-	39,464	-
Other services and charges	176,376	27,147	-	3,263	1,746	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	702,918	10,100	-	-	-	550	-
Other disbursements	-	-	2,500	-	-	-	-
Total disbursements	879,294	37,247	2,500	3,381	1,746	40,014	-
Excess (deficiency) of receipts over disbursements	236,917	14,257	50	1,809	(1,113)	41,454	-
Cash and investments - ending	\$ 5,054,067	\$ 137,077	\$ 200	\$ 52,277	\$ 291	\$ 96,867	\$ 856,098

MORGAN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Health	Identification Security Protection	Local Health Maintenance	Local Road and Street	LOIT Public Safety - County Share	Misdemeanant	Motor Vehicle Highway
Cash and investments - beginning	\$ 91,162	\$ 35,707	\$ 51,878	\$ 1,399,884	\$ 2,136,696	\$ -	\$ 847,189
Receipts:							
Taxes	337,111	-	-	-	-	-	-
Licenses and permits	60,091	-	-	-	-	-	-
Intergovernmental receipts	42,192	-	73,289	2,155,345	1,951,684	40,981	3,182,685
Charges for services	70,039	6,768	5,674	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	4,392	-	-	-	-	-	12,012
Total receipts	513,825	6,768	78,963	2,155,345	1,951,684	40,981	3,194,697
Disbursements:							
Personal services	437,181	-	34,654	-	1,340,792	-	1,808,790
Supplies	32,108	-	6,049	416,741	-	8,211	803,896
Other services and charges	18,105	24,571	3,231	1,073,802	759,432	31,650	259,276
Debt service - principal and interest	-	-	-	154,387	815,657	-	131,885
Capital outlay	1,195	-	607	68,613	2,279	-	512
Other disbursements	-	-	-	-	-	-	-
Total disbursements	488,589	24,571	44,541	1,713,543	2,918,160	39,861	3,004,359
Excess (deficiency) of receipts over disbursements	25,236	(17,803)	34,422	441,802	(966,476)	1,120	190,338
Cash and investments - ending	\$ 116,398	\$ 17,904	\$ 86,300	\$ 1,841,686	\$ 1,170,220	\$ 1,120	\$ 1,037,527

MORGAN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Plat Book	Rainy Day	Reassessment - 2015	Recorder's Records Perpetuation	Riverboat	Sex and Violent Offender Administration	Supplemental Public Defender Services
Cash and investments - beginning	\$ 109,455	\$ 4,487,712	\$ 2,406,592	\$ 339,122	\$ 2,340,040	\$ 14,988	\$ 282,505
Receipts:							
Taxes	-	552,984	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	269,764	-	-
Charges for services	18,505	-	-	161,346	-	-	-
Fines and forfeits	-	-	-	-	-	4,749	107,132
Other receipts	-	-	8,519	-	-	-	-
Total receipts	18,505	552,984	8,519	161,346	269,764	4,749	107,132
Disbursements:							
Personal services	-	-	386,357	46,450	-	-	-
Supplies	-	-	1,887	3,342	34,994	-	-
Other services and charges	90,860	-	169,995	225,111	249,424	-	211,932
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	1,054	-	77,085	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	90,860	-	559,293	274,903	361,503	-	211,932
Excess (deficiency) of receipts over disbursements	(72,355)	552,984	(550,774)	(113,557)	(91,739)	4,749	(104,800)
Cash and investments - ending	\$ 37,100	\$ 5,040,696	\$ 1,855,818	\$ 225,565	\$ 2,248,301	\$ 19,737	\$ 177,705

MORGAN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Surplus Tax	Surveyor's Corner Perpetuation	Tax Sale Redemption	Tax Sale Surplus	Local Health Dept Trust Acct	GAL/CASA	Auditors Ineligible Deductions
Cash and investments - beginning	\$ 46,495	\$ 89,367	\$ -	\$ 1,124,141	\$ 60,491	\$ 24,537	\$ 25,112
Receipts:							
Taxes	50,303	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	48,152	19,207	-
Charges for services	-	14,810	-	-	505	-	-
Fines and forfeits	-	-	-	-	-	-	4,673
Other receipts	-	-	99,542	954,465	-	-	-
Total receipts	50,303	14,810	99,542	954,465	48,657	19,207	4,673
Disbursements:							
Personal services	-	-	-	-	9,151	3,182	-
Supplies	-	-	-	-	-	2,382	-
Other services and charges	-	-	-	-	3,175	4,913	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	229	-	-	-	3,362	-
Other disbursements	45,681	-	99,542	1,126,481	-	-	-
Total disbursements	45,681	229	99,542	1,126,481	12,326	13,839	-
Excess (deficiency) of receipts over disbursements	4,622	14,581	-	(172,016)	36,331	5,368	4,673
Cash and investments - ending	\$ 51,117	\$ 103,948	\$ -	\$ 952,125	\$ 96,822	\$ 29,905	\$ 29,785

MORGAN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	County Elected Officials Training	Statewide 911	LOIT Special Distribution	Supplemental Adult Probation Services	Supplemental Juvenile Probation Services	Lake Ditch Drain Maint	Henderson Ford TIF Fund
Cash and investments - beginning	\$ 29,344	\$ 929,955	\$ -	\$ 290,445	\$ 15,494	\$ 104,163	\$ -
Receipts:							
Taxes	-	-	1,658,952	-	-	59,324	18,649
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	-
Charges for services	6,768	685,958	-	39,338	-	-	-
Fines and forfeits	-	-	-	195,925	16,320	-	-
Other receipts	-	19	-	-	-	-	18,899
Total receipts	6,768	685,977	1,658,952	235,263	16,320	59,324	37,548
Disbursements:							
Personal services	-	688,279	-	308,165	792	-	-
Supplies	-	-	-	700	-	-	-
Other services and charges	3,407	-	-	34,036	-	28,995	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	-	-	1,130,478	350	-	-	-
Total disbursements	3,407	688,279	1,130,478	343,251	792	28,995	-
Excess (deficiency) of receipts over disbursements	3,361	(2,302)	528,474	(107,988)	15,528	30,329	37,548
Cash and investments - ending	\$ 32,705	\$ 927,653	\$ 528,474	\$ 182,457	\$ 31,022	\$ 134,492	\$ 37,548

MORGAN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Dispatch Center	Self Insurance	Payroll Clearing	Payroll Withholding - PERF	Payroll Withholding - Sheriff Pension	Settlement	CVET Agency
Cash and investments - beginning	\$ 170,308	\$ 1,472,030	\$ 47,841	\$ -	\$ -	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	54,089,313	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	259,234
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	533	2,338,240	12,964,775	1,299,665	41,225	-	-
Total receipts	533	2,338,240	12,964,775	1,299,665	41,225	54,089,313	259,234
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	16,276	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	39,778	-	-	-	-	-	-
Other disbursements	-	2,053,815	13,012,616	1,299,665	41,225	54,089,313	259,234
Total disbursements	56,054	2,053,815	13,012,616	1,299,665	41,225	54,089,313	259,234
Excess (deficiency) of receipts over disbursements	(55,521)	284,425	(47,841)	-	-	-	-
Cash and investments - ending	\$ 114,787	\$ 1,756,455	\$ -	\$ -	\$ -	\$ -	\$ -

MORGAN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Financial Institution Tax	CEDIT Homestead Credit	LOIT PTRC	State Fines and Forfeitures	Infraction Judgements	Special Death Benefit	Sales Disclosure - State Share
Cash and investments - beginning	\$ -	\$ 16,862	\$ 409,390	\$ 901	\$ 6,105	\$ 520	\$ 785
Receipts:							
Taxes	-	765,027	13,964,665	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	311,833	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	8,157	95,617	7,000	8,910
Other receipts	-	-	-	-	-	-	-
Total receipts	311,833	765,027	13,964,665	8,157	95,617	7,000	8,910
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	311,833	769,153	14,050,254	7,453	96,207	6,930	8,845
Total disbursements	311,833	769,153	14,050,254	7,453	96,207	6,930	8,845
Excess (deficiency) of receipts over disbursements	-	(4,126)	(85,589)	704	(590)	70	65
Cash and investments - ending	\$ -	\$ 12,736	\$ 323,801	\$ 1,605	\$ 5,515	\$ 590	\$ 850

MORGAN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Coroners Training & Con't Education	Interstate Compact - State Share	Mortgage Recording Fees - State Share	DLGF Homestead Property Database	Sex and Violent Offender Admin - State	Child Restraint Violations Fines	Inheritance Tax
Cash and investments - beginning	\$ 374	\$ -	\$ 540	\$ 1	\$ 30	\$ 100	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	824
Charges for services	-	-	7,698	-	-	-	-
Fines and forfeits	4,794	340	-	5	528	475	-
Other receipts	-	-	-	-	-	-	-
Total receipts	4,794	340	7,698	5	528	475	824
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	4,848	278	7,548	6	543	575	824
Total disbursements	4,848	278	7,548	6	543	575	824
Excess (deficiency) of receipts over disbursements	(54)	62	150	(1)	(15)	(100)	-
Cash and investments - ending	\$ 320	\$ 62	\$ 690	\$ -	\$ 15	\$ -	\$ -

MORGAN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Education Plate Fees Agency	Riverboat Revenue Sharing	CAGIT Distribution	CEDIT Distribution	LOIT 2016 Special Distribution	93.563 Prosecutor PCA	93.563 Title IV-D Incentive
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,011	\$ 72,216
Receipts:							
Taxes	-	-	11,024,735	2,942,411	4,917,987	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	975	408,108	3,674,912	-	-	-	28,278
Charges for services	-	-	-	-	-	5,540	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	975	408,108	14,699,647	2,942,411	4,917,987	5,540	28,278
Disbursements:							
Personal services	-	-	-	-	-	-	13,306
Supplies	-	-	-	-	-	-	688
Other services and charges	-	-	-	-	-	3,324	21,262
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	567
Other disbursements	975	408,108	14,699,647	2,942,411	4,917,987	-	-
Total disbursements	975	408,108	14,699,647	2,942,411	4,917,987	3,324	35,823
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	2,216	(7,545)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,227	\$ 64,671

MORGAN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	93.563 Prosecutor IV-D Incentive-Post Oct '99	93.563 Clerk IV-D Incentive-Post Oct '99	Clerk's Child Support	Clerk's Interest Bearing	Jury User Fee	ADAPT	Co Law Enforce Continuing Ed
Cash and investments - beginning	\$ 70,104	\$ 58,554	\$ 13,794	\$ 116,783	\$ 7,893	\$ 35,811	\$ 12,289
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	42,550	28,278	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	11,837	47,157	3,575
Other receipts	-	48	792,701	239,330	-	-	-
Total receipts	42,550	28,326	792,701	239,330	11,837	47,157	3,575
Disbursements:							
Personal services	56,853	12,192	-	-	-	38,435	-
Supplies	2,620	2,237	-	-	-	232	-
Other services and charges	4,686	9,532	-	-	16,123	200	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	4,996	-	-	-	-	-	-
Other disbursements	-	-	798,882	258,794	-	-	-
Total disbursements	69,155	23,961	798,882	258,794	16,123	38,867	-
Excess (deficiency) of receipts over disbursements	(26,605)	4,365	(6,181)	(19,464)	(4,286)	8,290	3,575
Cash and investments - ending	\$ 43,499	\$ 62,919	\$ 7,613	\$ 97,319	\$ 3,607	\$ 44,101	\$ 15,864

MORGAN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Law Enforcement Co User Fee	Pretrial Div-Traffic	Pretrial Div-Check	Administration Fees	Comm Corr Proj Income 14-15	K-9 Donations	EMA Donations
Cash and investments - beginning	\$ 14,540	\$ 156,818	\$ 20,267	\$ 84,028	\$ -	\$ 277	\$ 600
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	7,788	-	-	-	-	-
Charges for services	-	-	-	45,451	5,100	-	-
Fines and forfeits	2,663	314,928	2,550	-	76,598	-	-
Other receipts	-	1,516	-	-	264,242	400	500
Total receipts	2,663	324,232	2,550	45,451	345,940	400	500
Disbursements:							
Personal services	-	78,110	-	-	40,512	-	-
Supplies	-	747	-	-	1,291	-	-
Other services and charges	-	3,469	-	-	42,484	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	27,245	-	-	-	-	-
Other disbursements	2,663	108,410	1,445	100	3,635	-	-
Total disbursements	2,663	217,981	1,445	100	87,922	-	-
Excess (deficiency) of receipts over disbursements	-	106,251	1,105	45,351	258,018	400	500
Cash and investments - ending	\$ 14,540	\$ 263,069	\$ 21,372	\$ 129,379	\$ 258,018	\$ 677	\$ 1,100

MORGAN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	CASA Donations	Flood Homes Demolition	Mo Co Partner Water Quality	Work Release Intake Fee	Law Enforcement Fund	Federal Forfeited Property	Co Offender Transportation
Cash and investments - beginning	\$ 319	\$ 101,230	\$ 21,656	\$ 2,200	\$ 16,471	\$ 17,209	\$ 1,933
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	1,069	-	-	-	-	-
Charges for services	-	-	-	4,205	-	-	340
Fines and forfeits	-	-	-	-	5,304	-	-
Other receipts	-	-	10,925	-	-	-	-
Total receipts	-	1,069	10,925	4,205	5,304	-	340
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	301	-	1,535	-	221	1,359	-
Other services and charges	-	-	2,722	-	2,588	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	2,898	10,691	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	301	-	4,257	-	5,707	12,050	-
Excess (deficiency) of receipts over disbursements	(301)	1,069	6,668	4,205	(403)	(12,050)	340
Cash and investments - ending	\$ 18	\$ 102,299	\$ 28,324	\$ 6,405	\$ 16,068	\$ 5,159	\$ 2,273

MORGAN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	United Way	Insurance Group Trust	Life Insurance	Dental & Vision	AFLAC	Vol PERF Contributions	Sur Tax
Cash and investments - beginning	\$ -	\$ -	\$ 1,172	\$ -	\$ 3,978	\$ -	\$ 93,953
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	-	-	-	-	1,846,711
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	1,446	452,811	55,348	76,439	50,888	39,587	-
Total receipts	1,446	452,811	55,348	76,439	50,888	39,587	1,846,711
Disbursements:							
Personal services	-	-	-	-	-	-	-
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	1,446	452,811	52,753	76,439	51,042	39,587	1,819,293
Total disbursements	1,446	452,811	52,753	76,439	51,042	39,587	1,819,293
Excess (deficiency) of receipts over disbursements	-	-	2,595	-	(154)	-	27,418
Cash and investments - ending	\$ -	\$ -	\$ 3,767	\$ -	\$ 3,824	\$ -	\$ 121,371

MORGAN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Wheel Tax	LOIT Prop Tax Oper Levies Rep	LOIT Public Safety	16.607 Bullet Proof Vest	93.074 Bioterror Base 15-16	14.228 CDBG-Primary	14.228 CDBG-Old Town Waverly
Cash and investments - beginning	\$ 10,148	\$ -	\$ -	\$ -	\$ (10,028)	\$ 393	\$ 1,338
Receipts:							
Taxes	-	3,939,506	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	354,379	-	3,674,912	12,631	10,680	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	354,379	3,939,506	3,674,912	12,631	10,680	-	-
Disbursements:							
Personal services	-	-	-	-	370	-	-
Supplies	-	-	-	14,782	82	-	-
Other services and charges	-	-	-	-	200	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	351,604	3,939,506	3,674,912	-	-	-	-
Total disbursements	351,604	3,939,506	3,674,912	14,782	652	-	-
Excess (deficiency) of receipts over disbursements	2,775	-	-	(2,151)	10,028	-	-
Cash and investments - ending	\$ 12,923	\$ -	\$ -	\$ (2,151)	\$ -	\$ 393	\$ 1,338

MORGAN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	20.600 Operation Pulvoer	20.205 Brooklyn Pedest Bridge	97.039 HAZ MIT-Primary	97.039 HAZ MIT-Henderson	16.588 STOP Viol Ag Wo 15-16	16.575 VOCA	16.588 STOP Viol Ag Wo
Cash and investments - beginning	\$ (3,249)	\$ (52,124)	\$ 202	\$ 3,923	\$ (7,680)	\$ -	\$ -
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	29,564	52,124	-	-	16,000	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	29,564	52,124	-	-	16,000	-	-
Disbursements:							
Personal services	12,400	-	-	-	8,320	8,032	7,680
Supplies	-	-	-	-	-	-	-
Other services and charges	-	-	-	-	-	-	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-
Other disbursements	16,536	-	-	-	-	-	-
Total disbursements	28,936	-	-	-	8,320	8,032	7,680
Excess (deficiency) of receipts over disbursements	628	52,124	-	-	7,680	(8,032)	(7,680)
Cash and investments - ending	\$ (2,621)	\$ -	\$ 202	\$ 3,923	\$ -	\$ (8,032)	\$ (7,680)

MORGAN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	93.074 Bioterror Base	14.228 CDBG-2010 Waverly	93.074 Bioterror CRI	Comm Corr Grant 15-16	Comm Corr Grant	Comm Corr Proj Income 15-16	MC Pros Fed Forfeiture
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 109,919	\$ -	\$ 315,993	\$ 1,654
Receipts:							
Taxes	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	10,739	-	98,597	314,821	-	-
Charges for services	-	-	-	-	-	8,601	-
Fines and forfeits	-	-	-	-	-	113,167	1,959
Other receipts	-	-	-	-	40,000	319	-
Total receipts	-	10,739	-	98,597	354,821	122,087	1,959
Disbursements:							
Personal services	17,930	-	-	68,461	139,640	106,117	-
Supplies	102	1,735	-	8,827	3,173	494	-
Other services and charges	2,312	9,004	261	43,991	34,480	65,143	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	2,039	-	-	-	956	1,653	-
Other disbursements	-	-	-	87,237	-	264,673	-
Total disbursements	22,383	10,739	261	208,516	178,249	438,080	-
Excess (deficiency) of receipts over disbursements	(22,383)	-	(261)	(109,919)	176,572	(315,993)	1,959
Cash and investments - ending	\$ (22,383)	\$ -	\$ (261)	\$ -	\$ 176,572	\$ -	\$ 3,613

MORGAN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	93,074 Bioterror MRC 15-16	14,228 CDBG-Johnson	Naccho MRC	Clerk's Trust & Registry	Dispatch Center Reserve	Morgan Co Redevelopment Comm	97,042 EMP Competitive
Cash and investments - beginning	\$ -	\$ -	\$ 518	\$ 907,548	\$ 295,438	\$ 329,403	\$ -
Receipts:							
Taxes	-	-	-	-	-	18,730	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	5,286	5,290	-	-	-	-	4,613
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	3,385,528	-	-	-
Total receipts	5,286	5,290	-	3,385,528	-	18,730	4,613
Disbursements:							
Personal services	4,738	-	-	-	-	-	-
Supplies	548	1,735	393	-	-	-	-
Other services and charges	-	3,555	125	-	-	184,029	-
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	99,998	4,613
Other disbursements	-	-	-	3,404,331	-	18,899	-
Total disbursements	5,286	5,290	518	3,404,331	-	302,926	4,613
Excess (deficiency) of receipts over disbursements	-	-	(518)	(18,803)	-	(284,196)	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 888,745	\$ 295,438	\$ 45,207	\$ -

MORGAN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	93.074 Bioterror CRI 15-16	97.039 Haz Mit-2013 Morgan Co	Hilldale Drain Maint	M A Nutter Drain Maint	Sartor Drain Maint	Sedwick Drain Maint	Jail Bond Proceeds
Cash and investments - beginning	\$ (2,354)	\$ -	\$ 8,749	\$ 17,962	\$ 17,879	\$ 1,202	\$ 9,484
Receipts:							
Taxes	-	-	11,141	21,836	22,913	3,484	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	18,483	71,779	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	18,483	71,779	11,141	21,836	22,913	3,484	-
Disbursements:							
Personal services	14,746	-	-	-	-	-	-
Supplies	1,056	-	-	-	-	-	-
Other services and charges	327	5,279	1,872	17,589	39,497	500	2,290
Debt service - principal and interest	-	-	-	-	-	-	-
Capital outlay	-	66,500	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-
Total disbursements	16,129	71,779	1,872	17,589	39,497	500	2,290
Excess (deficiency) of receipts over disbursements	2,354	-	9,269	4,247	(16,584)	2,984	(2,290)
Cash and investments - ending	\$ -	\$ -	\$ 18,018	\$ 22,209	\$ 1,295	\$ 4,186	\$ 7,194

MORGAN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	RDC Bond Prin & Int	RDC Debt Service Reserve	PSAP-Operating	PSAP-Personnel	14.228 CDBG-Hart Lake	16.575 VOCA 15-16	14.228 Martinsville Youth Center
Cash and investments - beginning	\$ 333,441	\$ 382,831	\$ 181,623	\$ 99,482	\$ 12,657	\$ (8,008)	\$ 3,267
Receipts:							
Taxes	-	-	549,359	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-
Intergovernmental receipts	-	-	72,499	-	902,845	33,427	321,446
Charges for services	-	-	-	-	-	-	-
Fines and forfeits	-	-	-	-	-	-	-
Other receipts	-	-	14	-	-	-	-
Total receipts	-	-	621,872	-	902,845	33,427	321,446
Disbursements:							
Personal services	-	-	-	1,535	-	25,419	-
Supplies	-	-	14,619	-	-	-	-
Other services and charges	-	-	371,669	-	915,502	-	-
Debt service - principal and interest	130,444	-	158,020	-	-	-	-
Capital outlay	-	-	87,856	-	-	-	324,713
Other disbursements	-	-	-	-	-	-	-
Total disbursements	130,444	-	632,164	1,535	915,502	25,419	324,713
Excess (deficiency) of receipts over disbursements	(130,444)	-	(10,292)	(1,535)	(12,657)	8,008	(3,267)
Cash and investments - ending	\$ 202,997	\$ 382,831	\$ 171,331	\$ 97,947	\$ -	\$ -	\$ -

MORGAN COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Commissioners Tax Cert Sale	15.916 White River Green Ph 1	CASA Capacity Building Grant	Juvenile Comm Corr 16-17	Operation Round Up-Sheriff	Comm Crossing Match Grant	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,332,732
Receipts:							
Taxes	9,220	-	-	-	-	-	110,179,097
Licenses and permits	-	-	-	-	-	-	490,324
Intergovernmental receipts	-	15,045	8,863	42,407	-	1,000,000	24,058,308
Charges for services	-	-	-	-	-	-	1,795,149
Fines and forfeits	-	-	-	-	-	-	1,362,098
Other receipts	-	-	-	-	3,300	1,130,478	33,153,893
Total receipts	9,220	15,045	8,863	42,407	3,300	2,130,478	171,038,869
Disbursements:							
Personal services	-	-	7,581	31,396	-	-	16,357,196
Supplies	-	-	-	22	3,249	581,837	2,988,227
Other services and charges	-	15,045	463	-	-	-	9,678,755
Debt service - principal and interest	-	-	-	-	-	-	1,733,545
Capital outlay	-	-	-	-	-	-	2,511,644
Other disbursements	9,220	-	-	-	-	-	134,853,200
Total disbursements	9,220	15,045	8,044	31,418	3,249	581,837	168,122,567
Excess (deficiency) of receipts over disbursements	-	-	819	10,989	51	1,548,641	2,916,302
Cash and investments - ending	\$ -	\$ -	\$ 819	\$ 10,989	\$ 51	\$ 1,548,641	\$ 50,249,034

MORGAN COUNTY
SCHEDULE OF PAYABLES AND RECEIVABLES
December 31, 2016

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 2,972,072</u>	<u>\$ 43,127</u>

MORGAN COUNTY
SCHEDULE OF LEASES AND DEBT
December 31, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
KS State Bank	2016 Mack Truck VIN#10921	\$ 26,116	10/7/2015	10/1/2019
KS State Bank	2016 Mack Truck VIN#10922	26,116	10/7/2015	10/1/2019
KS State Bank	2016 Mack Truck VIN#10923	26,116	10/7/2015	10/1/2019
KS State Bank	2016 Mack Truck VIN#10924	26,116	10/29/2015	11/1/2019
PACCAR Financial	2 2014 Peterbilt 348 PalFleet dump body	42,501	7/8/2013	7/28/2018
PACCAR Financial	2 2014 Peterbilt 348 PalFleet dump body	42,501	7/8/2013	7/28/2018
Santander Bank/Motorola Solutions Inc	911 Central Dispatch Console System	158,020	12/1/2013	12/1/2018
Sun Trust Equip Finance	Gradall XL3100IV	56,914	6/17/2013	7/1/2018
Wells Fargo Equip Finance	LeeBoy Loader & Broce Broom	49,925	9/21/2015	8/5/2019
Total governmental activities		<u>454,325</u>		
Total of annual lease payments		<u>\$ 454,325</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Revenue bonds	Central Dispatch	\$ 1,990,000	\$ 291,388
Revenue bonds	Jail Expansion & Work Release	2,785,000	814,250
Revenue bonds	Redevelopment District Bonds 2015	<u>3,350,000</u>	<u>135,332</u>
Total governmental activities		<u>8,125,000</u>	<u>1,240,970</u>
Totals		<u>\$ 8,125,000</u>	<u>\$ 1,240,970</u>

MORGAN COUNTY
 SCHEDULE OF CAPITAL ASSETS
 December 31, 2016

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

	Ending Balance
Governmental activities:	
Land	\$ 5,525,728
Infrastructure	49,796,418
Buildings	26,548,630
Machinery, equipment, and vehicles	10,963,637
Construction in progress	1,960,110
Books and other	<u>2,946,077</u>
Total governmental activities	<u>97,740,600</u>
Total capital assets	<u>\$ 97,740,600</u>

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF MORGAN COUNTY, INDIANA

Report on Compliance for the Major Federal Program

We have audited Morgan County's (County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2016. The County's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on the Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2016.

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

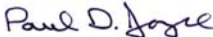
Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a 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. A significant deficiency in internal control over compliance is a deficiency, or a 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.

Our consideration of 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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


Paul D. Joyce, CPA
State Examiner

September 10, 2018

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

MORGAN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
<u>Department of Housing and Urban Development</u>					
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii CDBG-Hart Lake Martinsville Youth Center	Indiana Office of Community and Rural Affairs	14.228	DR1B-09-029 PF-14-100	\$ - -	\$ 915,502 324,713
Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii CDBG 2010 Waverly CDBG Johnson Grant	Indiana Housing and Community Development	14.228	DR1HB-011-024 DR1HB-011-026	- -	10,739 5,290
Total - Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii				-	1,256,244
Total - Department of Housing and Urban Development				-	1,256,244
<u>Department of the Interior</u>					
Outdoor Recreation Acquisition, Development and Planning White River Green Phase 1	Indiana Department of Natural Resources	15.916	18-00576	-	15,045
Total - Department of the Interior				-	15,045
<u>Department of Justice</u>					
Crime Victim Assistance Victim Assistance	Indiana Criminal Justice Institute	16.575	D3-16-10531	-	33,427
Violence Against Women Formula Grants Stop Violence Against Women 15-16	Indiana Criminal Justice Institute	16.588	D3-16-10451	-	16,000
Total - Violence Against Women Formula Grants				-	49,427
Bulletproof Vest Partnership Program Bullet Proof Vest FY 2015 Bullet Proof Vest FY 2014	Direct Grant	16.607	CY-15 CY-14	- -	8,899 3,732
Total - Bulletproof Vest Partnership Program				-	12,631
Total - Department of Justice				-	62,058
<u>Department of Transportation</u>					
Highway Planning and Construction Cluster Highway Planning and Construction Brooklyn Pedestrian Bridge Sign/Inventory Bridge #44 Bridge Inventory	Indiana Department of Transportation	20.205	A249-09-320650 A249-11-320872 A249-12-320133A A249-14-320718	- - - -	64,256 12,953 634 37,017
Total - Highway Planning and Construction Cluster				-	114,860
Highway Safety Cluster State and Community Highway Safety Operation Pull Over 15-16	Indiana Criminal Justice Institute	20.600	D3-16-10166	16,536	29,564
Total - Highway Safety Cluster				16,536	29,564

MORGAN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient	Total Federal Awards Expended
Interagency Hazardous Materials Public Sector Training and Planning Grants 2016 HMEP Training	Indiana Department of Homeland Security	20.703	HM-HMP-0498-15-01-00	-	877
Total - Department of Transportation				16,536	145,301
<u>Department of Health and Human Services</u>					
Hospital Preparedness Program (HPP) and Public Health Emergency Emergency Preparedness (PHEP) Aligned Cooperative Agreements	Indiana State Department of Health	93.074			
Bioterrorism CRI 15-16			40093074PHEPA16	-	18,483
Bioterrorism Base 15-16			40093074PHEPA16	-	10,680
Bioterrorism MRC 15-16			40093074PHEPA16	-	5,286
Total - Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements				-	34,449
Child Support Enforcement	Indiana Department of Child Services	93.563			
Title IV-D Reimb Clerk Expenditures (Fund 1000)			CY-16	-	27,653
Title IV-D Reimb Courts Expenditures (Fund 1000)			CY-16	-	6,130
Indirect Cost (Fund 1000)			CY-16	-	179,197
Title IV-D Clerk Incentive (Fund 8899)			CY-16	-	23,961
Title IV-D Prosecutor Incentive (Fund 8897)			CY-16	-	69,155
Title IV-D Reimb Prosecutor Expenditures (Fund 1000)			CY-16	-	156,605
Title IV-D Reimb Clerk Expenditures (Fund 1119)			CY-16	-	536
Title IV-D County Incentive (Fund 1110)			CY-16	-	35,823
Title IV-D Reimb Clerk Expenditures (Fund 1110)			CY-16	-	8,334
Title IV-D Reimb Courts Expenditures (Fund 1110)			CY-16	-	1,155
Title IV-D Reimb Prosecutor Expenditures (Fund 1110)			CY-16	-	75,424
Total - Child Support Enforcement				-	583,973
Total - Department of Health and Human Services				-	618,422
<u>Department of Homeland Security</u>					
Hazard Mitigation Grant Hazard Mitigation 2013 Morgan County	Indiana Department of Homeland Security	97.039	C44P-4-560B	-	71,779
Emergency Management Performance Grants EMP Competitive EMPG Salaries 2015	Indiana Department of Homeland Security	97.042	14726 16487	- -	4,613 21,453
Total - Emergency Management Performance Grants				-	26,066
Total - Department of Homeland Security				-	97,845
Total federal awards expended				\$ 16,536	\$ 2,194,915

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

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the County under programs of the federal government for the year ended December 31, 2016. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the County, it is not intended to and does not present the financial position of the County.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

MORGAN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major program:	
Material weakness identified?	no
Significant deficiency identified?	none reported
Any audit finding disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	no

Identification of Major Program and type of auditor's report issued on compliance for it:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

No matters are reportable.

OTHER REPORTS

In addition to this report, other reports may have been issued for the County. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.