

MORGAN COUNTY, ILLINOIS
ANNUAL FINANCIAL REPORT
August 31, 2012

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ILLINOIS SOCIETY OF CPA
AMERICAN INSTITUTE OF CPA

INDEPENDENT AUDITORS' REPORT

Members of the County Board
Morgan County, Illinois

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Morgan County, Illinois, as of and for the year ended August 31, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Morgan County, Illinois' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Morgan County, Illinois, as of August 31, 2012, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a separate report dated December 14, 2012 on our consideration of Morgan County, Illinois' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Audit Standards* and should be considered in assessing the results of our audit.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

The retirement fund historical data and budgetary comparison information on pages 29 through 41 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Morgan County, Illinois' basic financial statements as a whole. The non required supplementary information on pages 42 through 54 is presented for purposes of additional analysis and is not a required part of the basic financial statements or required supplementary information of Morgan County, Illinois. The combining nonmajor and agency fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The Schedule of Equalized Assessed Valuations and Tax Extensions and the Schedule of Equalized Assessed Valuations, Tax Levies, Rates, Extensions and Collections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

James H. Smith, CPA, FASB, FEA, FEA, FEA

December 14, 2012

MORGAN COUNTY, ILLINOIS

Statement of Net Assets

August 31, 2012

	Governmental Activities
ASSETS	
Cash	\$ 8,858,105
Taxes receivable, net of allowance for uncollectibles	2,828,580
Accounts receivable, net of allowance for uncollectibles	214,449
Due from governmental agencies	565,978
Capital assets, net of accumulated depreciation	12,532,495
Prepaid Expenses	14,507
 Total assets	 <u>25,014,114</u>
 LIABILITIES	
Accounts payable	405,842
Deferred revenue	38,434
Noncurrent liabilities:	
Due within one year	25,245
Due in more than one year	<u>241,394</u>
 Total liabilities	 <u>710,915</u>
 NET ASSETS	
Investments in capital assets, net of related debt	12,532,495
Restricted for:	
Law and Judicial	524,854
Retirement	121,417
Transportation	2,727,768
Health and Human Services	1,887,161
Other Purposes	473,686
Unrestricted	<u>6,035,818</u>
 Total net assets	 \$ <u><u>24,303,199</u></u>

See accompanying notes to financial statements

MORGAN COUNTY, ILLINOIS

Statement of Activities

Year Ended August 31, 2012

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions
Governmental Activities:			
General Government	\$ 3,765,490	\$ 741,912	\$ 905,540
Law and Judicial	4,886,096	1,183,219	20,096
Health and Human Services	4,511,005	266,785	3,012,184
Transportation	<u>2,897,278</u>	<u>433,837</u>	<u>704,354</u>
Total Governmental Activities	\$ <u><u>16,059,869</u></u>	\$ <u><u>2,625,753</u></u>	\$ <u><u>4,642,174</u></u>

General Revenues

Taxes

Intergovernmental

Sales Tax

Inheritance Tax

Replacement Tax

Income Tax

Interest

Miscellaneous

Proceeds from sale of Capital Asset

Total General Revenues

Change in Net Assets

Net Assets-Beginning

Net Assets-Ending

Capital Grants and Contributions	Governmental Activities
\$ 121,447	\$ (1,996,591)
	(3,682,781)
	(1,232,036)
<u>688,638</u>	<u>(1,070,449)</u>
<u>\$ 810,085</u>	<u>(7,981,857)</u>

5,393,232
1,078,880
68,107
540,808
684,222
126,865
314,496
<u>18,100</u>
<u>8,224,710</u>
242,853
<u>24,060,346</u>
<u>\$ 24,303,199</u>

See accompanying notes to financial statements

MORGAN COUNTY, ILLINOIS

GOVERNMENTAL FUNDS
BALANCE SHEET

August 31, 2012

	General Fund	Aid Matching Fund	Cooperative Extension Fund
ASSETS			
Cash	\$ 3,941,907	\$ 586,250	\$ -
Property Taxes Receivable	1,902,336	125,488	90,360
Intergovernmental Receivables:			
Federal Grants			
State Grants			
Motor Fuel Tax			
Other	364,185		
Prepaid Expenses			
Other Receivables	38,468		
Due from Other Funds	13,881		
	<hr/>	<hr/>	<hr/>
Total Assets	\$ <u>6,260,777</u>	\$ <u>711,738</u>	\$ <u>90,360</u>
LIABILITIES AND FUND BALANCE			
Accounts Payable	\$ 43,171	\$ 183,149	\$ 90,360
Deferred Revenue			
Due to Other Funds	74,780		
	<hr/>	<hr/>	<hr/>
Total Liabilities	117,951	183,149	90,360
Fund Balance			
Restricted for:			
Law and Judicial	100,302		
Retirement	121,417		
Transportation		528,589	
Health and Human Services			
Other Purposes	35,417		
Committed			
Unassigned	5,885,690		
	<hr/>	<hr/>	<hr/>
Total Fund Balances	<u>6,142,826</u>	<u>528,589</u>	<u>0</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balance	\$ <u>6,260,777</u>	\$ <u>711,738</u>	\$ <u>90,360</u>

IHWAP Fund	Other Governmental Funds	Total Governmental Funds
\$ 17,661	\$ 4,312,287	\$ 8,858,105
	710,396	2,828,580
49,378	109,218	158,596
	1,496	1,496
	41,701	41,701
		364,185
	14,507	14,507
	175,981	214,449
<u>13,502</u>	<u>164,859</u>	<u>192,242</u>
<u>\$ 80,541</u>	<u>\$ 5,530,445</u>	<u>\$ 12,673,861</u>
\$ 28,645	\$ 60,517	\$ 405,842
	38,434	38,434
<u>51,896</u>	<u>65,566</u>	<u>192,242</u>
80,541	164,517	636,518
	424,552	524,854
		121,417
	2,199,179	2,727,768
	1,887,161	1,887,161
	438,269	473,686
	29,067	29,067
<u></u>	<u>387,700</u>	<u>6,273,390</u>
<u>0</u>	<u>5,365,928</u>	<u>12,037,343</u>
<u>\$ 80,541</u>	<u>\$ 5,530,445</u>	<u>\$ 12,673,861</u>

See accompanying notes to financial statements

MORGAN COUNTY, ILLINOIS

RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO THE
STATEMENT OF NET ASSETS

Year Ended August 31, 2012

Fund Balances - Total Governmental Funds	\$ 12,037,343
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	12,532,495
Long-term liabilities and compensated absences are not due and payable in the current period and therefore, are not reported in the governmental funds.	<u>(266,639)</u>
Net Assets of Governmental Activities	\$ <u>24,303,199</u>

See accompanying notes to financial statements

MORGAN COUNTY, ILLINOIS
GOVERNMENTAL FUNDS
STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
Year Ended August 31, 2012

	General Fund	Aid Matching Fund	Cooperative Extension Fund
REVENUE			
Taxes	\$ 3,396,237	\$ 222,699	\$ 160,080
Intergovernmental	2,938,921	688,638	
Licenses and Permits	440,878		
Fines and Forfeits	688,378		
Revenue from Services	227,623		
Interest	111,393	532	
Miscellaneous	311,632		
	<hr/>	<hr/>	<hr/>
Total Revenue	8,115,062	911,869	160,080
EXPENDITURES			
Current:			
General Government	2,940,909		160,080
Law and Judicial	4,331,376		
Health and Human Services	245,557		
Transportation	122,742	11	
Capital Outlay	106,710	915,713	
Debt Expense			
	<hr/>	<hr/>	<hr/>
Total Expenditures	7,747,294	915,724	160,080
Revenue Over (Under) Expenditures	367,768	(3,855)	-
OTHER FINANCING SOURCES (USES)			
Interfund Transfers	(140,667)		
Proceeds from sale of Capital Asset			
Proceeds from Long-Term Debt			
	<hr/>	<hr/>	<hr/>
Net change in fund balances	227,101	(3,855)	-
FUND BALANCE, BEGINNING	5,915,725	532,444	-
	<hr/>	<hr/>	<hr/>
FUND BALANCE, ENDING	\$ 6,142,826	\$ 528,589	\$ -
	<hr/>	<hr/>	<hr/>

IHWAP Fund	Other Governmental Funds	Total Governmental Funds
\$ 632,199	\$ 1,614,216	\$ 5,393,232
	3,700,553	7,960,311
	870	441,748
	218,150	906,528
	888,421	1,116,044
7	14,933	126,865
	28,262	339,894
<u>632,206</u>	<u>6,465,405</u>	<u>16,284,622</u>
	566,740	3,667,729
	393,113	4,724,489
632,206	3,530,933	4,408,696
	1,730,878	1,853,631
	503,091	1,525,514
	26,876	26,876
<u>632,206</u>	<u>6,751,631</u>	<u>16,206,935</u>
-	(286,226)	77,687
	140,667	0
	18,100	18,100
	75,730	75,730
-	(51,729)	171,517
-	5,417,657	11,865,826
<u>\$ -</u>	<u>\$ 5,365,928</u>	<u>\$ 12,037,343</u>

See accompanying notes to financial statements

MORGAN COUNTY, ILLINOIS

RECONCILIATION OF STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended August 31, 2012

Amounts reported for governmental activities in the statement of activities are different because:

Net Changes in Fund Balances - Total Governmental Funds	\$ 171,517
Governmental Funds do not report accrued vacation as an expenditure. However, in the Statement of Activities, those costs are shown. This represents the net change in accrued vacation.	(37,485)
Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current period.	160,226
The repayment of principal of long-term debt consumes the current financial resources of Government funds. The transaction, however, does not affect net assets. This is the net effect of the differences in treatment of long-term debt.	<u>(51,405)</u>
Change in Net Assets of Governmental Activities	\$ <u>242,853</u>

See accompanying notes to financial statements

MORGAN COUNTY, ILLINOIS
ALL AGENCY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
August 31, 2012

	Total
ASSETS	
Cash	\$ 13,032,121
Intergovernmental	
Receivables:	
Motor Fuel Tax	<u>78,345</u>
Total Assets	<u>13,110,466</u>
LIABILITIES	
Intergovernmental	
Payables:	
Accounts Payable	455,497
Funds Available	
for Distribution	<u>12,654,969</u>
Total Liabilities	<u>13,110,466</u>
NET ASSETS	\$ <u><u>0</u></u>

See accompanying notes to financial statements

MORGAN COUNTY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Morgan County, Illinois (County) are based upon accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant policies.

The financial statements of the County have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units (hereinafter referred to as GAAP).

The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the County's accounting policies are described below.

A. Financial Reporting Entity

Morgan County is a municipal corporation governed by an elected 3 member board. These financial statements present Morgan County, the primary government unit.

County officials are responsible for appointing the members of the board of other organizations, but the County's accountability for these organizations do not extend beyond making the appointments. The County Board appoints the board members of the following organizations:

Drainage Districts
Fire Protection Districts
Cemeteries
Housing Authority
Airport Authorities
Water Districts
Mass Transit Districts

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

MORGAN COUNTY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Basis of Presentation – Fund Accounting

The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures/expenses. The various funds are summarized by type in the combined financial statements.

Funds are classified into the following categories: governmental, proprietary, and fiduciary.

GOVERNMENTAL FUNDS

General Fund – The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds – Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts) requiring separate accounting because of legal, regulatory provisions or administrative action.

Capital Projects Fund – The Capital Projects Fund is used to account for financial resources committed for acquiring or constructing general capital assets.

MORGAN COUNTY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Fund Accounting (Continued)

FIDUCIARY FUNDS

Agency Funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are considered available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

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

MORGAN COUNTY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)

The *Aid Matching Fund* accounts for property taxes and State and Federal grants and the related expenditures for the maintenance and construction of County roads.

The *Cooperative Extension Fund* accounts for the receipt and expenditure of property taxes levied for the University of Illinois Extension Office.

The *IHWAP Fund* accounts for State and Federal grants used to assist low-income families with home weatherization expenses.

E. Cash and Cash Equivalents

Cash and Cash Equivalents represent cash on hand, cash deposited in checking accounts, certificates of deposits, repurchase agreements and U.S. treasury bills and notes which are stated at cost (which approximates fair value).

F. Receivables

GASB Statements No. 33 – *Accounting and Financial Reporting for Nonexchange Transactions* requires the recognition of receivables associated with nonexchange transactions as follows:

- Derived tax receivables (such as: sales, income and motor fuel taxes) are recognized when the underlying exchange has occurred.
- Imposed nonexchange receivables (such as: property taxes and fines) are recognized when an enforceable legal claim has arisen.

Government – mandates or voluntary non-exchange transaction receivables (such as: mandates or grants) are recognized when all eligibility requirements have been met.

G. Capital Assets

Capital assets, which include property, plant and equipment and infrastructure assets (e.g. roads, bridges, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of the donation.

MORGAN COUNTY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Capital Assets (Continued)

Governmental activities capital assets having a useful life greater than one year are capitalized using the following dollar thresholds: \$50,000 for land, \$100,000 for buildings and improvements, \$25,000 for equipment, \$15,000 for vehicles, and \$200,000 for roads and bridges.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The County uses the direct method for accounting for planned major maintenance. Amounts are expensed or capitalized as incurred.

Capital assets are depreciated using the straight line method over the following estimated useful lives:

Description	Years
Building and Improvements	30 - 40
Equipment	4 - 10
Vehicles	4 - 10
Road and Bridges	20

H. Compensated Absences

Accrued sick leave has not been recorded; the County is not liable in the amount to the employees upon retirement or discontinued service, so the amount is undetermined.

Accrued vacation leave which the employees have elected to accumulate in their bank amounted to \$215,234 for the Governmental Funds and has been recorded in the Statement of Net Assets as noncurrent liabilities due in more than one year.

Employees are allowed to accumulate up to 320 hours of vacation time.

I. Fund Equity

Beginning with fiscal year 2011, the County implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

MORGAN COUNTY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Fund Equity (Continued)

Nonspendable fund balance: amounts that are not in spendable form (such as inventory) or are required to be maintained intact

Restricted fund balance: amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or by enabling legislation

Committed fund balance: amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint

Assigned fund balance: amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates authority

Unassigned fund balance: amounts that are available for any purpose; positive amounts are reported only in the General fund

The County Board establishes (and modifies and rescinds) fund balance commitments by passage of an ordinance or resolution. Assigned fund balance is established through lower level action of the County Board.

The County expends restricted resources first when both restricted and unrestricted resources are available for the same purpose. When unrestricted resources are expended, the County uses any committed resources first, followed by assigned resources and unassigned resources.

J. Property Tax Revenue

Property tax revenue line items include adjustments of prior year's tax revenue from tax sales, the adjustment for the allowance for uncollectible taxes and tax increment financing (TIF) distributions. These line items are not reported separately because the amounts are immaterial.

K. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the fund that is reimbursed.

MORGAN COUNTY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2012

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Interfund Transactions (Continued)

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as operating transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfer.

L. Use of Estimates

In preparing financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. LEGAL COMPLIANCE AND ACCOUNTABILITY

Budgets

The County follows the procedures indicated below in establishing the budgetary data reflected in the combined financial statements:

- (a) At a regular or specially called meeting of the County Board in early August, the County Board submits a proposed budget for the fiscal year commencing on the following September.
 - 1. The budget includes proposed expenditures and the means of financing them.
- (b) The budget is available for public inspection for at least 15 days prior to passage by the County Board.
- (c) Prior to September, the budget is legally enacted through passage of an appropriation ordinance. The original budget was approved on August 29, 2011.
- (d) The level of budgetary control, on which expenditures may not legally exceed appropriations, is at the fund level in accordance with Illinois Compiled Statutes. Any transfers between funds require County board approval. The budget was last amended September 24, 2012. Adjustments made during the year are reflected in the required supplementary information.
- (e) Formal budgetary integration is employed as a management control device during the year for the general and special revenue funds through an internal reporting basis. Unexpended appropriations and encumbrances lapse at August 31.

MORGAN COUNTY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2012

NOTE 2. LEGAL COMPLIANCE AND ACCOUNTABILITY (Continued)

- (f) Budgets for the general and special revenue funds are legally adopted and are on a basis consistent with GAAP.

NOTE 3. CASH AND CASH EQUIVALENTS

The County is allowed to invest in securities as authorized by Sections 2 and 6 of the Public Funds Investment Act of Illinois.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the County's deposits may not be returned or the County will not be able to recover collateral securities in the possession of an outside party. The County's policy requires deposits to be secured by collateral valued at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance (FDIC). Deposited funds may be invested in certificates of deposit. Collateral agreements must be approved prior to deposit of funds. The County Board designates a list of authorized depository institutions.

Deposits of the County's reporting entity are insured or collateralized with securities held by the County, its agent, or by the pledging financial institution's trust department or agent in the name of the County.

On August 31, 2012, \$3,898,199 of the County's deposits was covered by Federal Deposit Insurance, \$17,867,224 was covered by collateral held by the pledging institution in the name of the County, and \$148,597 was not covered by Federal Deposit Insurance or collateralized and is subject to the credit risk of the banks.

NOTE 4. PROPERTY TAXES

Property taxes are collected by the County on behalf of all taxing bodies. Distributions are made to all taxing bodies, including the County, at least once every 30 days. Distributions are made more often during the two main collection periods.

The 2011 property tax levy is recorded as revenues in fiscal year 2012, net of estimated loss on collections. The County's policy complies with the GASB policy, which requires property tax revenue to actually be collected within 60 days of the entity's year-end in order to be recorded as revenues within that year.

The property tax calendar for Morgan County, Illinois is as follows:

Lien Date	January 1, 2012
Levy Date	December 27, 2011
First Installment (one-half of the total bill) Due	July 1, 2012
Second Installment (balance of the total bill) Due	September 2, 2012
Tax Sale of Delinquent Accounts Held On	November 8, 2012

MORGAN COUNTY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2012

NOTE 5. ACCOUNTS RECEIVABLES

Receivables in the general fund are intergovernmental and other receivables. Receivables in the Motor Fuel Tax Fund are intergovernmental and other receivables. Receivables in the LIHEAP Fund are intergovernmental receivables. The other governmental funds receivables are intergovernmental receivables and other receivables.

NOTE 6. CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of the expenditures which may be disallowed by the grantor cannot be determined at this time although the County expects such amounts, if any, to be immaterial.

NOTE 7. DEFERRED COMPENSATION PLAN

The County funds all amounts of compensation deferred under the plan, at the direction of the covered employee, through investments in fixed and variable rate annuity contracts underwritten by National Association of Counties Deferred Compensation Program.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the County subject only to the claims of the County's general creditors. Participants' rights under the plan are equal to those of general creditors of the County in an amount equal to the fair market value of the deferred account for each participant.

The County has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The County believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

MORGAN COUNTY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2012

NOTE 7. DEFERRED COMPENSATION PLAN (Continued)

The investment activity for the year ended August 31, 2012 is as follows:		
Beginning Investment Balance	\$	618,405
Contributions		68,262
Investment Income/(Loss)		55,007
Withdrawals		(47,587)
Transfers Out		-
Asset Fees		(769)
Life Insurance (Posted Only)		(212)
Ending Investment Balance	\$	693,106
Life Insurance Policy Holder Account Value	\$	1,752

NOTE 8. DEFINED BENEFIT PENSION PLAN

The County has three defined benefit pension plans with Illinois Municipal Retirement Fund (IMRF), which provides retirement, disability, annual cost of living adjustments and death benefits to plan members and beneficiaries. The plans are for sheriff's law enforcement personnel (SLEP), Elected County Officials (ECO) and for County employees other than SLEP. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

A. Sheriff's Law Enforcement Personnel (SLEP)

Plan Description: The employer's defined benefit pension plan for Sheriff's Law Enforcement Personnel employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy: As set by statute, the Sheriff's Law Enforcement Personnel plan members are required to contribute 7.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2011 was 20.62 percent. The County also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

MORGAN COUNTY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2012

NOTE 8. DEFINED BENEFIT PENSION PLAN (Continued)

A. Sheriff's Law Enforcement Personnel (SLEP) (Continued)

Annual Pension Cost: For fiscal year ending August 31, 2012, the EMPLOYER'S annual pension cost of \$302,799 for the Sheriff's Law Enforcement Personnel plan was equal to the EMPLOYER'S required and actual contributions.

Three-Year Trend Information for the Sheriff's Law Enforcement Personnel Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
8/31/12	302,799	100%	\$ 0
8/31/11	295,289	100%	0
8/31/10	273,251	100%	0

The required contribution rate for 2011 was determined as part of the December 31, 2009, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age of service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the Sheriff's Law Enforcement Personnel plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Sheriff's Law Enforcement Personnel plan's unfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress: As of December 31, 2011, the most recent actuarial valuation date, the Sheriff's Law Enforcement Personnel plan was 63.96 percent funded. The actuarial accrued liability for benefits was \$5,767,177 and the actuarial value of assets was \$3,688,796, resulting in an underfunded actuarial accrued liability (UAAL) of \$2,078,381. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$1,406,186 and the ratio of the UAAL to the covered payroll was 148 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

MORGAN COUNTY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2012

NOTE 8. DEFINED BENEFIT PENSION PLAN (Continued)

B. Elected County Official (ECO)

Plan Description: The employer's defined benefit pension plan for Elected County Official employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

Funding Policy: As set by statute, the Elected County Official plan members are required to contribute 7.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2011 was 30.38 percent of annual covered payroll. The County also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost: For fiscal year ending August 31, 2012, the EMPLOYER'S annual pension cost of \$147,561 for the Elected County Official plan was equal to the EMPLOYER'S required and actual contributions.

Three-Year Trend Information for the Elected County Officials Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
8/31/12	147,561	100%	\$ 0
8/31/11	138,365	100%	0
8/31/10	141,300	100%	0

MORGAN COUNTY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2012

NOTE 8. DEFINED BENEFIT PENSION PLAN (Continued)

B. Elected County Official (ECO) (Continued)

The required contribution rate for 2011 was determined as part of the December 31, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the Elected County Official plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Elected County Official plan's unfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded Status and Funding Progress: As of December 31, 2011, the most recent actuarial valuation date, the Elected County Official plan was 62.59 percent funded. The actuarial accrued liability for benefits was \$2,837,995 and the actuarial value of assets was \$1,776,345, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,061,650. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$482,772 and the ratio of the UAAL to the covered payroll was 220 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

C. County Employees Other Than SLEP and ECO (IMRF)

Plan Description: The employer's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at www.imrf.org.

MORGAN COUNTY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2012

NOTE 8. DEFINED BENEFIT PENSION PLAN (Continued)

C. County Employees Other Than SLEP and ECO (IMRF) (Continued)

Funding Policy: As set by statute, the Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2011 was 12.55 percent of annual covered payroll. The County also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual Pension Cost: For fiscal year ending August 31, 2012, the EMPLOYER'S annual pension cost of \$508,519 for the Regular plan was equal to the EMPLOYER'S required and actual contributions.

Three-Year Trend Information for the Regular Plan

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
8/31/12	508,519	100%	\$ 0
8/31/11	502,531	100%	0
8/31/10	429,806	100%	0

The required contribution rate for 2011 was determined as part of the December 31, 2009 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2009, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00% a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) post retirement benefit increases of 3% annually. The actuarial value of the Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Regular plan's unfunded actuarial accrued liability at December 31, 2009 is being amortized as a level percentage of projected payroll on an open 30 year basis.

MORGAN COUNTY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2012

NOTE 8. DEFINED BENEFIT PENSION PLAN (Continued)

C. County Employees Other Than SLEP and ECO (IMRF) (Continued)

Funded Status and Funding Progress: As of December 31, 2011, the most recent actuarial valuation date, the Regular plan was 70.76 percent funded. The actuarial accrued liability for benefits was \$14,810,403 and the actuarial value of assets was \$10,480,173, resulting in an underfunded actuarial accrued liability (UAAL) of \$4,330,230. The covered payroll for calendar year 2011 (annual payroll of active employees covered by the plan) was \$4,059,502 and the ratio of the UAAL to the covered payroll was 107 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 9. JOINTLY GOVERNED ORGANIZATIONS

The County is a member of four jointly governed organizations in which the County is one of the members: Illinois County Solid Waste Management Association, Mid-America Intermodal Authority Port District; Illinois Valley Resource, Conservation, Development District and Illinois Public Health Mutual Aid System.

NOTE 10. CONSTRUCTION IN PROGRESS

As of August 31, 2012, the County has multiple construction projects in progress. The majority of the County's construction in progress consists of highway construction projects. These projects are expected to be completed at various different times and for varying amounts.

MORGAN COUNTY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2012

NOTE 11 - CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2012 was as follows:

	Beginning Balance 8/31/11	Increases	Transfer of Construction In Progress	Decreases	Ending Balance 08/31/12
Capital assets not being depreciated					
Construction in progress	\$ 315,975	\$ 21,580	\$ (302,194)		\$ 35,361
Capital assets being depreciated					
Road and bridges	18,639,174	895,145	219,342		19,753,661
Building and improvements	4,080,956	200,921	82,852		4,364,729
Equipment	1,563,150			54,091	1,509,059
Vehicles	905,753	145,177			1,050,930
Total capital assets being depreciated	25,189,033	1,241,243	302,194	54,091	26,678,379
Less accumulated depreciation for:					
Road and bridges	9,717,211	797,903			10,515,114
Buildings and improvements	1,761,442	100,293			1,861,735
Equipment	950,470	115,920		54,091	1,012,299
Vehicles	703,616	88,481			792,097
Total accumulated depreciation	13,132,739	\$ 1,102,597	\$ 0	\$ 54,091	14,181,245
Total capital assets being depreciated, net	12,056,294				12,497,134
Governmental activities capital assets, net	\$ 12,372,269				\$ 12,532,495

Depreciation Expense

Depreciation expense was charged to functions/programs of the County as follows:

Governmental activities	
General Government	\$ 62,596
Law and Judicial	132,517
Health and Human Services	59,773
Transportation	847,711
Total depreciation expense - governmental activities	\$ 1,102,597

MORGAN COUNTY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2012

NOTE 12 - LEGAL DEBT MARGIN

Equalized Assessed Valuation, 2010 Tax Year	\$ <u>503,763,535</u>
Statutory Debt Limitation (5.75% of Equalized Assessed Valuation)	\$ 28,966,403
Less: Bond Indebtedness	<u>0</u>
Legal Debt Margin	\$ <u>28,966,403</u>

NOTE 13 - INTERFUND BALANCES

Interfund balances among funds reported within the same activities column are eliminated from that column in the government-wide statement of activities.

At August 31, 2011, interfund receivables and payables consisted of the following:

Funds	Due From Other Funds	Due to Other Funds
General		
IHWAP	\$ 4,897	\$ 2,780
Nonmajor Governmental	<u>8,984</u>	<u>72,000</u>
Total General	<u>13,881</u>	<u>74,780</u>
IHWAP		
General	2,780	4,897
Nonmajor Governmental	<u>10,722</u>	<u>46,999</u>
Total IHWAP	<u>13,502</u>	<u>51,896</u>
Nonmajor Governmental		
General	72,000	8,984
IHWAP	46,999	10,722
Nonmajor Governmental	<u>45,860</u>	<u>45,860</u>
Total Nonmajor Governmental	<u>164,859</u>	<u>65,566</u>
Total Interfund - All Funds	\$ <u>192,242</u>	\$ <u>192,242</u>

In general, interfund balances exist due to the allocation of salaries and fringe benefits to various funds, as well as for various short-term cash flow needs.

MORGAN COUNTY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2012

NOTE 14 - OPERATING TRANSFERS

Operating transfers among funds reported within the same activities column are eliminated from that column in the government-wide statement of activities. The following operating transfers were made:

	<u>Operating Transfer In</u>	<u>Operating Transfer Out</u>
General Fund		
Nonmajor Governmental	\$ _____	\$ 140,667
Total General Fund	_____ - _____	_____ 140,667 _____
Nonmajor Governmental		
General	_____ 140,667 _____	_____ - _____
Total Nonmajor Governmental	_____ 140,667 _____	_____ - _____
Total Interfunds - All Funds	\$ <u>140,667</u>	\$ <u>140,667</u>

Animal Control fund received a \$14,667 transfer from General fund to support the ordinary operations of the fund. This transfer is generally made on an annual basis.

Capital Improvements fund received a \$100,000 transfer from General fund for the purpose of committing additional funds to ongoing capital projects.

Tuberculosis Sanitarium fund received a \$26,000 transfer from General fund.

MORGAN COUNTY, ILLINOIS
NOTES TO THE FINANCIAL STATEMENTS
August 31, 2012

NOTE 15. LONG-TERM DEBT

The County entered into an installment purchase for a Caterpillar Wheel Loader on September 19, 2011. It requires 3 annual payments at an interest rate of 3.75% beginning September 19, 2012. The balance as of August 31, 2012 is \$51,405.

A summary of payments and due dates follows:

<i>Fiscal Year Ending</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2013	\$ 25,245	\$ 1,928	\$ 27,173
2014	26,160	981	27,141
Total	\$ 51,405	\$ 2,909	\$ 57,223

Employees can accumulate up to 320 hours of vacation time. The liability is calculated on the employee's current hourly rate times the accumulated hours. The net change in total liability for the year ended August 31, 2012 is as follows:

Balance August 31, 2011	Net Increase/ (Decrease)	Balance August 31, 2012
\$ 177,749	\$37,485	\$ 215,234

NOTE 16. RESTRICTED FUND BALANCE/NET ASSETS

Amounts included as restricted fund balance include property tax levies, grant funds, fines and fees, and other amounts externally restricted for specific purposes. Committed fund balance consists of amounts committed for capital projects and for animal control under local intergovernmental agreements.

NOTE 17. SUBSEQUENT EVENTS

Events that occur after the statement of net assets date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the statement of net assets date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of net assets date require disclosure in the accompanying notes. Management evaluated the activity of the County through December 31, 2012, the date which the financial statements were available to be issued, and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

MORGAN COUNTY, ILLINOIS
GENERAL FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE

Year Ended August 31, 2012

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUE				
Property Taxes	\$ 2,300,000	\$ 2,300,000	\$ 3,396,237	\$ 1,096,237
Intergovernmental:				
Sales Tax	1,000,000	1,000,000	1,078,880	78,880
Income Tax	600,000	600,000	684,222	84,222
Replacement Tax	600,000	600,000	540,808	(59,192)
Inheritance Tax	10,000	10,000	68,107	58,107
State Other	451,250	451,250	505,034	53,784
Federal	46,473	46,473	61,870	15,397
Licenses and Permits	340,000	340,000	440,878	100,878
Fines and Forfeits	768,000	768,000	688,378	(79,622)
Revenue from Services	142,041	142,041	227,623	85,582
Interest	120,060	120,060	111,393	(8,667)
Miscellaneous	344,000	344,000	311,632	(32,368)
Total Revenue	<u>6,721,824</u>	<u>6,721,824</u>	<u>8,115,062</u>	<u>1,393,238</u>
EXPENDITURES				
Current:				
General Government	3,060,364	3,171,064	2,940,909	230,155
Law and Judicial	4,548,941	4,572,041	4,331,376	240,665
Health and Human Services	285,140	285,140	245,557	39,583
Transportation	142,500	142,500	122,742	19,758
Capital Outlay	330,000	330,000	106,710	223,290
Total Expenditures	<u>8,366,945</u>	<u>8,500,745</u>	<u>7,747,294</u>	<u>753,451</u>
Revenues Over (Under) Expenditures	(1,645,121)	(1,778,921)	367,768	2,146,689
OTHER FINANCING SOURCES (USES)				
Interfund Transfers	<u>(245,000)</u>	<u>(245,000)</u>	<u>(140,667)</u>	<u>104,333</u>
Net change in fund balances	\$ <u>(1,890,121)</u>	\$ <u>(2,023,921)</u>	227,101	\$ <u>2,251,022</u>
FUND BALANCE, BEGINNING			<u>5,915,725</u>	
FUND BALANCE, ENDING			\$ <u>6,142,826</u>	

MORGAN COUNTY, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES

Year Ended August 31, 2012

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
EXPENDITURES				
Current:				
General Government				
Commissioners' Office				
Commissioners' Salaries	\$ 102,375	\$ 102,375	\$ 102,375	\$ 0
Other Salaries	43,855	43,855	43,819	36
Services	8,000	8,000	3,488	4,512
Materials	<u>2,000</u>	<u>2,000</u>	<u>328</u>	<u>1,672</u>
Total Commissioners' Office	<u>156,230</u>	<u>156,230</u>	<u>150,010</u>	<u>6,220</u>
Treasurer's Office				
County Treasurer's Salary	56,750	56,750	56,750	0
Other Salaries	63,623	64,523	64,459	64
Services	6,500	6,500	3,982	2,518
Materials	<u>5,500</u>	<u>5,500</u>	<u>4,577</u>	<u>923</u>
Total Treasurer's Office	<u>132,373</u>	<u>133,273</u>	<u>129,768</u>	<u>3,505</u>
County Clerk's Office				
County Clerk's Salary	56,750	56,750	56,750	0
Other Salaries	174,412	174,412	173,443	969
Services	10,000	14,000	16,239	(2,239)
Materials	100,000	100,000	97,044	2,956
Election Grant Expense	46,473	46,473	25,422	21,051
Election	<u>170,615</u>	<u>170,615</u>	<u>135,163</u>	<u>35,452</u>
Total County Clerk's Office	<u>558,250</u>	<u>562,250</u>	<u>504,061</u>	<u>58,189</u>
Assessor's Office				
Salaries	198,536	198,536	175,504	23,032
Services	11,500	11,500	8,372	3,128
Materials	<u>10,000</u>	<u>10,000</u>	<u>5,739</u>	<u>4,261</u>
Total Assessor's Office	<u>\$ 220,036</u>	<u>\$ 220,036</u>	<u>\$ 189,615</u>	<u>\$ 30,421</u>

MORGAN COUNTY, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES
-continued-

Year Ended August 31, 2012

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
EXPENDITURES				
General Government (con't)				
General Expenditures				
E.D. Director	\$ 108,200	\$ 120,200	\$ 119,805	\$ 395
Other	35,000	35,000	28,853	6,147
Medical Insurance	724,872	731,872	731,705	167
Postage	65,000	65,000	56,767	8,233
Professional Fees	80,000	80,000	52,511	27,489
Computer Services	110,000	114,000	113,953	47
Merit Commission	3,000	3,000		3,000
Flood Control	5,000	5,000	5,000	0
Economic Development	35,000	35,000	35,000	0
Planning Commission	25,000	25,000	25,000	0
Animal Control	14,667	14,667		14,667
Solid Waste Planning	6,000	6,000	6,000	0
Liability Insurance	300,000	381,000	380,722	278
Health Committee	16,000	16,000	5,654	10,346
Total General Expenditures	<u>1,527,739</u>	<u>1,631,739</u>	<u>1,560,970</u>	<u>70,769</u>
Educational Service Region Office Services	<u>135,020</u>	<u>136,820</u>	<u>123,256</u>	<u>13,564</u>
Total Educational Service Region Office	<u>135,020</u>	<u>136,820</u>	<u>123,256</u>	<u>13,564</u>
Courthouse				
Salaries	28,540	28,540	28,110	430
Services	38,000	38,000	26,088	11,912
Materials	4,500	4,500	4,067	433
Total Courthouse	<u>71,040</u>	<u>71,040</u>	<u>58,265</u>	<u>12,775</u>
Morgan County Center				
Salaries	1,500	1,500	1,230	270
Services	27,000	27,000	24,545	2,455
Materials	2,000	2,000	933	1,067
Total Morgan County Center	<u>\$ 30,500</u>	<u>\$ 30,500</u>	<u>\$ 26,708</u>	<u>\$ 3,792</u>

MORGAN COUNTY, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES
-continued-

Year Ended August 31, 2012

EXPENDITURES	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
General Government (con't)				
Retirement	\$ 229,176	\$ 229,176	\$ 198,256	\$ 30,920
Total Retirement	<u>229,176</u>	<u>229,176</u>	<u>198,256</u>	<u>30,920</u>
Total General Government	\$ <u>3,060,364</u>	\$ <u>3,171,064</u>	\$ <u>2,940,909</u>	\$ <u>230,155</u>
Law and Judicial				
Sheriff and Law Enforcement				
Sheriff's Salary	67,147	67,147	67,150	(3)
Other Salaries	715,758	715,758	713,427	2,331
Grant Expense	0	0	5,139	(5,139)
Services	94,200	94,200	79,729	14,471
Materials	<u>78,200</u>	<u>82,200</u>	<u>82,064</u>	<u>136</u>
Total Sheriff and Law Enforcement	<u>955,305</u>	<u>959,305</u>	<u>947,509</u>	<u>11,796</u>
Civil Defense Office				
City/County Agreement	38,892	38,892	31,838	7,054
Payments to Other Governments	<u>16,824</u>	<u>17,874</u>	<u>17,848</u>	<u>26</u>
Total Civil Defense Office	<u>55,716</u>	<u>56,766</u>	<u>49,686</u>	<u>7,080</u>
Coroner's Office				
Coroner's Salary	26,698	26,698	26,698	0
Other Salaries	9,210	9,210	9,213	(3)
Services	40,000	46,000	45,969	31
Materials	<u>3,500</u>	<u>3,500</u>	<u>2,729</u>	<u>771</u>
Total Coroner's Office	<u>79,408</u>	<u>85,408</u>	<u>84,609</u>	<u>799</u>
Probation Office				
Salaries	461,514	461,514	431,662	29,852
Services	12,920	12,920	10,874	2,046
Materials	<u>2,210</u>	<u>2,210</u>	<u>1,469</u>	<u>741</u>
Total Probation Office	\$ <u>476,644</u>	\$ <u>476,644</u>	\$ <u>444,005</u>	\$ <u>32,639</u>

MORGAN COUNTY, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES
-continued-

Year Ended August 31, 2012

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
EXPENDITURES				
Law and Judicial (con't)				
County Jail				
Salaries	\$ 967,655	\$ 967,655	\$ 964,684	\$ 2,971
Services	209,700	209,700	199,815	9,885
Materials	<u>29,000</u>	<u>29,000</u>	<u>76,844</u>	<u>(47,844)</u>
Total County Jail	<u>1,206,355</u>	<u>1,206,355</u>	<u>1,241,343</u>	<u>(34,988)</u>
Circuit Clerk's Office				
Circuit Clerk's Salary	56,750	56,750	56,750	0
Other Salaries	112,515	112,515	110,371	2,144
Services	4,000	4,000	3,761	239
Materials	<u>5,000</u>	<u>5,000</u>	<u>3,255</u>	<u>1,745</u>
Total Circuit Clerk's Office	<u>178,265</u>	<u>178,265</u>	<u>174,137</u>	<u>4,128</u>
Public Defender's Office				
Salaries	<u>178,524</u>	<u>179,324</u>	<u>176,294</u>	<u>3,030</u>
Total Public Defender's Office	<u>178,524</u>	<u>179,324</u>	<u>176,294</u>	<u>3,030</u>
Court Related				
Salaries	35,281	35,281	35,281	0
Materials	2,500	2,500	1,660	840
Care and Support of Minors	55,000	55,000	4,240	50,760
Court Appointed Counsel	25,000	25,000	18,167	6,833
Publication	6,000	6,000	841	5,159
Interpreters	10,000	10,000	8,009	1,991
Jury	<u>25,000</u>	<u>25,000</u>	<u>8,461</u>	<u>16,539</u>
Total Court Related	<u>158,781</u>	<u>158,781</u>	<u>76,659</u>	<u>82,122</u>
Circuit Judge's Office				
Services	4,790	4,790	3,493	1,297
Materials	2,500	2,500	154	2,346
Equipment	<u>5,000</u>	<u>5,000</u>		<u>5,000</u>
Total Circuit Judge's Office	\$ <u>12,290</u>	\$ <u>12,290</u>	\$ <u>3,647</u>	\$ <u>8,643</u>

MORGAN COUNTY, ILLINOIS
GENERAL FUND
SCHEDULE OF EXPENDITURES
-continued-

Year Ended August 31, 2012

EXPENDITURES	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Law and Judicial (con't)				
Associate Circuit Judge's Office				
Services	\$ 3,560	\$ 3,560	\$ 2,344	\$ 1,216
Materials	1,500	2,700	2,626	74
Equipment	<u>3,000</u>	<u>3,000</u>	<u></u>	<u>3,000</u>
Total Associate Circuit Judge's Office	<u>8,060</u>	<u>9,260</u>	<u>4,970</u>	<u>4,290</u>
State's Attorney				
State's Attorney Salary	165,000	166,550	166,508	42
Other Salaries	176,457	176,957	177,587	(630)
Victim Assistance	26,952	26,952	24,564	2,388
Services	17,000	25,000	24,882	118
Materials	<u>17,000</u>	<u>17,000</u>	<u>10,607</u>	<u>6,393</u>
Total State's Attorney	<u>402,409</u>	<u>412,459</u>	<u>404,148</u>	<u>8,311</u>
Retirement	<u>837,184</u>	<u>837,184</u>	<u>724,369</u>	<u>112,815</u>
Total Retirement	<u>837,184</u>	<u>837,184</u>	<u>724,369</u>	<u>112,815</u>
Total Law and Judicial	\$ <u>4,548,941</u>	\$ <u>4,572,041</u>	\$ <u>4,331,376</u>	\$ <u>240,665</u>
Health and Human Services				
Retirement	<u>285,140</u>	<u>285,140</u>	<u>245,557</u>	<u>39,583</u>
Total Retirement	<u>285,140</u>	<u>285,140</u>	<u>245,557</u>	<u>39,583</u>
Total Health and Human Services	\$ <u>285,140</u>	\$ <u>285,140</u>	\$ <u>245,557</u>	\$ <u>39,583</u>
Transportation				
Retirement	<u>142,500</u>	<u>142,500</u>	<u>122,742</u>	<u>19,758</u>
Total Retirement	<u>142,500</u>	<u>142,500</u>	<u>122,742</u>	<u>19,758</u>
Total Transportation	\$ <u>142,500</u>	\$ <u>142,500</u>	\$ <u>122,742</u>	\$ <u>19,758</u>
Capital Outlay	\$ <u>330,000</u>	\$ <u>330,000</u>	\$ <u>106,710</u>	\$ <u>223,290</u>
Total General Fund Expenditures	\$ <u><u>8,366,945</u></u>	\$ <u><u>8,500,745</u></u>	\$ <u><u>7,747,294</u></u>	\$ <u><u>753,451</u></u>

MORGAN COUNTY, ILLINOIS

AID MATCHING FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE

Year Ended August 31, 2012

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUE				
Intergovernmental:				
Federal Grants	\$	\$	688,638	\$ 688,638
State Grants	9,600	9,600	\$	(9,600)
Taxes	250,000	250,000	222,699	(27,301)
Interest	2,000	2,000	532	(1,468)
Other	15,000	15,000		(15,000)
	<u>276,600</u>	<u>276,600</u>	<u>911,869</u>	<u>635,269</u>
Total Revenue				
EXPENDITURES				
Current				
Transportation			11	(11)
Capital Outlay	<u>767,000</u>	<u>767,000</u>	<u>915,713</u>	<u>(148,713)</u>
Total Expenditures	<u>767,000</u>	<u>767,000</u>	<u>915,724</u>	<u>(148,713)</u>
Net change in fund balances	\$ <u>(490,400)</u>	\$ <u>(490,400)</u>	(3,855)	\$ <u>486,556</u>
FUND BALANCE, BEGINNING			<u>532,444</u>	
FUND BALANCE, ENDING			\$ <u>528,589</u>	

MORGAN COUNTY, ILLINOIS

COOPERATIVE EXTENSION FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE

Year Ended August 31, 2012

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUE				
Taxes	\$ <u>185,000</u>	\$ <u>185,000</u>	\$ <u>160,080</u>	\$ <u>(24,920)</u>
Total Revenue	<u>185,000</u>	<u>185,000</u>	<u>160,080</u>	<u>(24,920)</u>
EXPENDITURES				
Current				
General Government	<u>185,000</u>	<u>185,000</u>	<u>160,080</u>	<u>24,920</u>
Total Expenditures	<u>185,000</u>	<u>185,000</u>	<u>160,080</u>	<u>24,920</u>
Net change in fund balances	\$ <u><u>0</u></u>	\$ <u><u>0</u></u>	0	\$ <u><u>0</u></u>
FUND BALANCE, BEGINNING			<u>0</u>	
FUND BALANCE, ENDING			\$ <u><u>0</u></u>	

MORGAN COUNTY, ILLINOIS

IHWAP FUND
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE

Year Ended August 31, 2012

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUE				
Intergovernmental:				
Federal Grants	\$ 298,525	\$ 527,025	\$ 579,526	\$ 52,501
State Grants			52,673	52,673
Revenue from Services	10,000	10,000		(10,000)
Interest	60	60	7	(53)
Other	9,000	9,000		(9,000)
	<u>317,585</u>	<u>546,085</u>	<u>632,206</u>	<u>86,121</u>
Total Revenue				
EXPENDITURES				
Current:				
Health and Human Services	<u>298,525</u>	<u>527,025</u>	<u>632,206</u>	<u>(105,181)</u>
Total Expenditures	<u>298,525</u>	<u>527,025</u>	<u>632,206</u>	<u>(105,181)</u>
Net change in fund balances	\$ <u>19,060</u>	\$ <u>19,060</u>	0	\$ <u>(19,060)</u>
FUND BALANCE, BEGINNING			<u>0</u>	
FUND BALANCE, ENDING			\$ <u>0</u>	

MORGAN COUNTY, ILLINOIS

Schedule of Funding Progress
 Illinois Municipal Retirement Fund
 Sheriff's Law Enforcement Personnel (SLEP)
 August 31, 2012
 (Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll ((b-a)/c)
12/31/11	3,688,796	5,767,177	2,078,381	63.96%	1,406,186	147.80%
12/31/10	3,141,139	5,309,676	2,168,537	59.16%	1,410,216	153.77%
12/31/09	3,493,338	5,576,732	2,083,394	62.64%	1,408,331	147.93%

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$3,447,068. On a market basis, the funded ratio would be 59.77%.

MORGAN COUNTY, ILLINOIS

Schedule of Funding Progress
Illinois Municipal Retirement Fund
Elected County Official (ECO)
August 31, 2012
(Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll ((b-a)/c)
12/34/11	1,776,345	2,837,995	1,061,650	62.59%	482,772	219.91%
12/31/10	1,431,194	2,515,357	1,084,163	56.90%	451,064	240.36%
12/31/09	1,487,512	2,632,577	1,145,065	56.50%	475,206	240.96%

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$1,657,871. On a market basis, the funded ratio would be 58.42%.

MORGAN COUNTY, ILLINOIS

Schedule of Funding Progress Illinois Municipal Retirement Fund County Employees Other than SLEP and ECO August 31, 2012 (Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) – Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage Of Covered Payroll ((b-a)/c)
12/31/11	10,480,173	14,810,403	4,330,230	70.76%	4,059,502	106.67%
12/31/10	11,141,007	14,618,662	3,477,655	76.21%	4,066,366	85.52%
12/31/09	10,603,471	13,697,122	3,093,651	77.41%	3,931,224	78.69%

On a market value basis, the actuarial value of assets as of December 31, 2011 is \$9,938,422. On a market basis, the funded ratio would be 67.10%.

MORGAN COUNTY, ILLINOIS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
August 31, 2012

NOTE 1. EXPENDITURES IN EXCESS OF BUDGET

The Aid Matching Fund had expenditures in excess of budget of \$148,713. The IHWAP Fund had expenditures in excess of budget of \$105,181.

MORGAN COUNTY, ILLINOIS
NON MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET

August 31, 2012

	Total	County Recorders Fund	Animal Control Fund
ASSETS			
Cash	\$ 4,312,287	\$ 1,889	\$ 89,017
Property Taxes Receivable	710,396		
Intergovernmental Receivables:			
Federal Grants	109,218		
State Grants	1,496		
Motor Fuel Tax	41,701		
Prepaid Expenses	14,507		
Other Receivables	175,981		
Due from Other Funds	164,859		
	<hr/>	<hr/>	<hr/>
Total Assets	\$ <u>5,530,445</u>	\$ <u>1,889</u>	\$ <u>89,017</u>
LIABILITIES AND FUND BALANCE			
Accounts Payable	\$ 60,517	\$	\$
Deferred Revenue	38,434		
Due to Other Funds	65,566		
	<hr/>	<hr/>	<hr/>
Total Liabilities	164,517	0	0
Fund Balance			
Restricted for:			
Law and Judicial	424,552		
Transportation	2,199,179		
Health and Human Services	1,887,161		
Other Puposos	438,269	1,889	59,950
Committed	29,067		29,067
Unassigned	387,700		
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balance	\$ <u>5,530,445</u>	\$ <u>1,889</u>	\$ <u>89,017</u>

General Assistance Fund	Tuberculosis Sanitarium Fund	Health Department Fund	Coroner's Fund	E-Citation Fund	SMG Water District Fund
\$ 188,408	\$ 3,843	\$ 456,394	\$ 11,473	\$ 5,170	\$
12,552	25,102	169,529			
		99,683			
		14,507			
	195	32,546		240	
<u>200,960</u>	<u>29,140</u>	<u>772,659</u>	<u>11,473</u>	<u>5,410</u>	<u>0</u>
\$	\$	\$ 13,808	\$	\$	\$
<u>0</u>	<u>0</u>	<u>13,808</u>	<u>0</u>	<u>0</u>	<u>0</u>
200,960	29,140	758,851	11,473	5,410	
<u>200,960</u>	<u>29,140</u>	<u>772,659</u>	<u>11,473</u>	<u>5,410</u>	<u>0</u>

MORGAN COUNTY, ILLINOIS

NON MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)

August 31, 2012

	Vital Statistics Fund	Drug Fee Fund	Marriage Fund
ASSETS			
Cash	\$ 4,395	\$ 19,549	\$ 9,059
Property Taxes Receivable			
Intergovernmental Receivables:			
Federal Grants			
State Grants			
Motor Fuel Tax			
Prepaid Expenses			
Other Receivables			
Due from Other Funds			
	<hr/>	<hr/>	<hr/>
Total Assets	\$ <u>4,395</u>	\$ <u>19,549</u>	\$ <u>9,059</u>
LIABILITIES AND FUND BALANCE			
Accounts Payable	\$	\$	\$
Deferred Revenue			
Due to Other Funds			
	<hr/>	<hr/>	<hr/>
Total Liabilities	0	0	0
Fund Balance			
Restricted for:			
Law and Judicial		19,549	
Transportation			
Health and Human Services			
Other Puposos	4,395		9,059
Committed			
Unassigned			
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balance	\$ <u>4,395</u>	\$ <u>19,549</u>	\$ <u>9,059</u>

Law Library Fund	Child Support Fund	Probation Office Fund	Court Automation Fund	Circuit Clerk Operating Fund	Drug Enforcement Fund
\$ 699	\$ 20,120	\$ 55,169	\$ 172,714	\$ 7,830	\$ 9,735
2,259		3,394	5,306	535	
<u>2,958</u>	<u>20,120</u>	<u>58,563</u>	<u>178,020</u>	<u>8,365</u>	<u>9,735</u>
\$ 3,498	\$	\$	\$	\$	\$
<u>2,000</u>					
5,498	0	0	0	0	0
(2,540)	20,120	58,563	178,020	8,365	9,735
<u>2,958</u>	<u>20,120</u>	<u>58,563</u>	<u>178,020</u>	<u>8,365</u>	<u>9,735</u>

MORGAN COUNTY, ILLINOIS

NON MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)

August 31, 2012

	Court Document Storage Fund	911 Fee Fund	Police Vehicle Fund
ASSETS			
Cash	\$ 127,459	\$ 912,272	\$ 6,680
Property Taxes Receivable			
Intergovernmental Receivables:			
Federal Grants			
State Grants			
Motor Fuel Tax			
Prepaid Expenses			
Other Receivables	5,281	114,533	360
Due from Other Funds			
	<hr/>	<hr/>	<hr/>
Total Assets	\$ <u>132,740</u>	\$ <u>1,026,805</u>	\$ <u>7,040</u>
LIABILITIES AND FUND BALANCE			
Accounts Payable	\$	\$ 7,565	\$
Deferred Revenue			
Due to Other Funds			
	<hr/>	<hr/>	<hr/>
Total Liabilities	0	7,565	0
Fund Balance			
Restricted for:			
Law and Judicial	132,740		
Transportation			
Health and Human Services		1,019,240	
Other Puposos			7,040
Committed			
Unassigned			
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balance	\$ <u>132,740</u>	\$ <u>1,026,805</u>	\$ <u>7,040</u>

Title IV-D (KIDS) Fund	Highway Fund	Bridge Construction and Repair Fund	Marnico Special Service Fund	Motor Fuel Tax Fund
\$ 3,642	\$ 545,237	\$ 333,090	\$ 13,500	\$ 772,365
	367,439	134,567	1,207	
2,905				
1,496				41,701
	11,332			
	294			
<u>\$ 8,043</u>	<u>\$ 924,302</u>	<u>\$ 467,657</u>	<u>\$ 14,707</u>	<u>\$ 814,066</u>
\$	\$ 1,515	\$ 17,744	\$	\$ 2,294
<u>0</u>	<u>1,515</u>	<u>17,744</u>	<u>0</u>	<u>2,294</u>
	922,787	449,913	14,707	811,772
8,043				
<u>\$ 8,043</u>	<u>\$ 924,302</u>	<u>\$ 467,657</u>	<u>\$ 14,707</u>	<u>\$ 814,066</u>

MORGAN COUNTY, ILLINOIS

NON MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET (CONTINUED)

August 31, 2012

	Corporate and Miscel- laneous Grant Programs	CSBG Programs	LIHEAP Fund
ASSETS			
Cash	\$ 20,643	\$ 8,107	\$ 38,146
Property Taxes Receivable			
Intergovernmental Receivables:			
Federal Grants	29		6,601
State Grants			
Motor Fuel Tax			
Prepaid Expenses			
Other Receivables			
Due from Other Funds	<u>80,560</u>	<u>12,005</u>	<u></u>
Total Assets	\$ <u>101,232</u>	\$ <u>20,112</u>	\$ <u>44,747</u>
LIABILITIES AND FUND BALANCE			
Accounts Payable	\$ 283	\$ 3,048	\$ 10,762
Deferred Revenue	9,687	5,384	23,363
Due to Other Funds	<u>13,596</u>	<u>11,680</u>	<u>8,358</u>
Total Liabilities	23,566	20,112	42,483
Fund Balance			
Restricted for:			
Law and Judicial			
Transportation			
Health and Human Services	77,666		2,264
Other Puposos			
Committed			
Unassigned	<u></u>	<u></u>	<u></u>
Total Liabilities and Fund Balance	\$ <u>101,232</u>	\$ <u>20,112</u>	\$ <u>44,747</u>

Regional Planning Commission Fund	GIS Fund	County Clerk GIS Fund	State's Attorney Law Enforcement Fund	<u>Capital Projects Fund</u> Capital Improvements Fund
\$ 3,588	\$ 116,786	\$ 10,404	\$ 2,860	\$ 342,044
				72,000
\$ <u>3,588</u>	\$ <u>116,786</u>	\$ <u>10,404</u>	\$ <u>2,860</u>	\$ <u>414,044</u>
\$	\$	\$	\$	\$
29,932				
29,932	0	0	0	0
	116,786	10,404	2,860	
(26,344)				414,044
\$ <u>3,588</u>	\$ <u>116,786</u>	\$ <u>10,404</u>	\$ <u>2,860</u>	\$ <u>414,044</u>

MORGAN COUNTY, ILLINOIS
NON MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
Year Ended August 31, 2012

	Total	County Recorders Fund	Animal Control Fund
REVENUE			
Taxes	\$ 1,614,216	\$	\$
Intergovernmental:			
Federal	2,055,615		
State	1,492,149		
Local	152,789		55,275
Licenses and Permits	870		
Fines and Forfeits	218,150		656
Revenue from Services	888,421	22,666	76,276
Interest	14,933	9	442
Miscellaneous	28,262		1,829
Total Revenue	<u>6,465,405</u>	<u>22,675</u>	<u>134,478</u>
EXPENDITURES			
Current:			
General Government	566,740	27,818	
Law and Judicial	393,113		124,491
Health and Human Services	3,530,933		
Transportation	1,730,878		
Capital Outlay	503,091	1,597	2,152
Debt Expense	26,876		
Total Expenditures	<u>6,751,631</u>	<u>29,415</u>	<u>126,643</u>
Revenue Over (Under) Expenditures	(286,226)	(6,740)	7,835
OTHER FINANCING SOURCES (USES)			
Interfund Transfers	140,667		14,667
Proceeds from sale of Capital Asset	18,100		
Proceeds from Long-Term Debt	75,730		
Net change in fund balances	(51,729)	(6,740)	22,502
FUND BALANCE, BEGINNING - RESTATED	<u>5,417,657</u>	<u>8,629</u>	<u>66,515</u>
FUND BALANCE, ENDING	\$ <u><u>5,365,928</u></u>	\$ <u><u>1,889</u></u>	\$ <u><u>89,017</u></u>

General Assistance Fund	Tuberculosis Sanitarium Fund	Health Department Fund	Coroner's Fund	E-Citation Fund	SMG Water District Fund
\$ 22,346	\$ 44,889	\$ 300,657	\$	\$	\$
		359,337 299,876			343,700
15,000	4,295	247,490	10,762	3,021	
175	25	3,226	2	1	
	80				
<u>37,521</u>	<u>49,289</u>	<u>1,210,586</u>	<u>10,764</u>	<u>3,022</u>	<u>343,700</u>
					343,700
103,272	104,650	1,237,054	2,341	-	
21	786	7,370			
<u>103,293</u>	<u>105,436</u>	<u>1,244,424</u>	<u>2,341</u>	<u>0</u>	<u>343,700</u>
(65,772)	(56,147)	(33,838)	8,423	3,022	0
	26,000				
<u>(65,772)</u>	<u>(30,147)</u>	<u>(33,838)</u>	<u>8,423</u>	<u>3,022</u>	<u>0</u>
<u>266,732</u>	<u>59,287</u>	<u>792,689</u>	<u>3,050</u>	<u>2,388</u>	<u>0</u>
\$ <u>200,960</u>	\$ <u>29,140</u>	\$ <u>758,851</u>	\$ <u>11,473</u>	\$ <u>5,410</u>	\$ <u>0</u>

MORGAN COUNTY, ILLINOIS
NON MAJOR GOVERNMENTAL FUNDS (CONTINUED)
COMBINING STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
Year Ended August 31, 2012

	Vital Statistics Fund	Drug Fee Fund	Marriage Fund
REVENUE			
Taxes	\$	\$	\$
Intergovernmental:			
Federal			
State			
Local			
Licenses and Permits			870
Fines and Forfeits		1,829	
Revenue from Services	5,866		
Interest	5	23	9
Miscellaneous			
	<hr/>	<hr/>	<hr/>
Total Revenue	5,871	1,852	879
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current:			
General Government	6,236		964
Law and Judicial		6,688	
Health and Human Services			
Transportation			
Capital Outlay	2,000		
Debt Expense			
	<hr/>	<hr/>	<hr/>
Total Expenditures	8,236	6,688	964
	<hr/>	<hr/>	<hr/>
Revenue Over (Under) Expenditures	(2,365)	(4,836)	(85)
OTHER FINANCING SOURCES (USES)			
Interfund Transfers			
Proceeds from sale of Capital Asset			
Proceeds from Long-Term Debt			
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(2,365)	(4,836)	(85)
FUND BALANCE, BEGINNING	6,760	24,385	9,144
	<hr/>	<hr/>	<hr/>
FUND BALANCE, ENDING	\$ 4,395	\$ 19,549	\$ 9,059
	<hr/>	<hr/>	<hr/>

Law Library Fund	Child Support Fund	Probation Office Fund	Court Automation Fund	Circuit Clerk Operating Fund	Drug Enforcement Fund
\$	\$	\$	\$	\$	\$
			1,273 656		
19,984	21,755	48,008	55,942	6,635	1,676
1	59	61	152	4	10
<u>19,985</u>	<u>21,814</u>	<u>48,069</u>	<u>58,023</u>	<u>6,639</u>	<u>1,686</u>
25,461	30,692	46,493	64,504	5,000	3,262
		6,267	1,327		
<u>25,461</u>	<u>30,692</u>	<u>52,760</u>	<u>65,831</u>	<u>5,000</u>	<u>3,262</u>
(5,476)	(8,878)	(4,691)	(7,808)	1,639	(1,576)
<u>(5,476)</u>	<u>(8,878)</u>	<u>(4,691)</u>	<u>(7,808)</u>	<u>1,639</u>	<u>(1,576)</u>
2,936	28,998	63,254	185,828	6,726	11,311
<u>2,936</u>	<u>28,998</u>	<u>63,254</u>	<u>185,828</u>	<u>6,726</u>	<u>11,311</u>
\$ <u>(2,540)</u>	\$ <u>20,120</u>	\$ <u>58,563</u>	\$ <u>178,020</u>	\$ <u>8,365</u>	\$ <u>9,735</u>

MORGAN COUNTY, ILLINOIS
NON MAJOR GOVERNMENTAL FUNDS (CONTINUED)
COMBINING STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
Year Ended August 31, 2012

	Court Document Storage Fund	911 Fee Fund	Police Vehicle Fund
REVENUE			
Taxes	\$	\$ 353,978	\$
Intergovernmental:			
Federal			
State			
Local			
Licenses and Permits			
Fines and Forfeits	55,584		3,060
Revenue from Services			
Interest	113	8,637	
Miscellaneous			0
	<hr/>	<hr/>	<hr/>
Total Revenue	55,697	362,615	3,060
	<hr/>	<hr/>	<hr/>
EXPENDITURES			
Current:			
General Government			
Law and Judicial	69,651		10
Health and Human Services		339,544	
Transportation			
Capital Outlay		20,144	-
Debt Expense			
	<hr/>	<hr/>	<hr/>
Total Expenditures	69,651	359,688	10
	<hr/>	<hr/>	<hr/>
Revenue Over (Under) Expenditures	(13,954)	2,927	3,050
OTHER FINANCING SOURCES (USES)			
Interfund Transfers			
Proceeds from sale of Capital Asset			
Proceeds from Long-Term Debt			
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(13,954)	2,927	3,050
FUND BALANCE, BEGINNING	146,694	1,016,313	3,990
	<hr/>	<hr/>	<hr/>
FUND BALANCE, ENDING	\$ 132,740	\$ 1,019,240	\$ 7,040
	<hr/>	<hr/>	<hr/>

Title IV-D (KIDS) Fund	Highway Fund	Bridge Construction and Repair Fund	Marnico Special Service Fund	Motor Fuel Tax Fund
\$	\$ 651,342	\$ 238,806	\$ 2,198	\$
8,806				
4,297		97,514		704,354
	327,679			
7	540	51	20	936
	8,644			
<u>13,110</u>	<u>988,205</u>	<u>336,371</u>	<u>2,218</u>	<u>705,290</u>
11,814				
	707,694		1,350	1,021,834
	190,172	122,961		
	26,876			
<u>11,814</u>	<u>924,742</u>	<u>122,961</u>	<u>1,350</u>	<u>1,021,834</u>
1,296	63,463	213,410	868	(316,544)
	18,100			
	75,730			
<u>1,296</u>	<u>157,293</u>	<u>213,410</u>	<u>868</u>	<u>(316,544)</u>
6,747	765,494	236,503	13,839	1,128,316
<u>\$ 8,043</u>	<u>\$ 922,787</u>	<u>\$ 449,913</u>	<u>\$ 14,707</u>	<u>\$ 811,772</u>

MORGAN COUNTY, ILLINOIS
NON MAJOR GOVERNMENTAL FUNDS (CONTINUED)
COMBINING STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE
Year Ended August 31, 2012

REVENUE	Corporate and Miscel- laneous Grant Programs	CSBG Programs	LIHEAP Fund
Taxes	\$	\$	\$
Intergovernmental:			
Federal	82,260	121,224	1,139,015
State	30,013		331,506
Local			
Licenses and Permits			
Fines and Forfeits			
Revenue from Services			
Interest		3	
Miscellaneous	16,754		
Total Revenue	129,027	121,227	1,470,521
EXPENDITURES			
Current:			
General Government			
Law and Judicial			
Health and Human Services	141,308	121,227	1,483,878
Transportation			
Capital Outlay			
Debt Expense			
Total Expenditures	141,308	121,227	1,483,878
Revenue Over (Under) Expenditures	(12,281)	0	(13,357)
OTHER FINANCING SOURCES (USES)			
Interfund Transfers			
Proceeds from sale of Capital Asset			
Proceeds from Long-Term Debt			
Net change in fund balances	(12,281)	0	(13,357)
FUND BALANCE, BEGINNING	89,947		15,621
FUND BALANCE, ENDING	\$ 77,666	\$ 0	\$ 2,264

Regional Planning Commission Fund	GIS Fund	County Clerk GIS Fund	State's Attorney Law Enforcement Fund	Capital Projects Fund
\$	\$	\$	\$	\$
121,447				
61,979	109,957	6,451		
7	186	14		215
	955			
<u>183,433</u>	<u>111,098</u>	<u>6,465</u>	<u>0</u>	<u>215</u>
82,512	101,510	4,000		
			2,706	
121,447		6,275		20,572
<u>203,959</u>	<u>101,510</u>	<u>10,275</u>	<u>2,706</u>	<u>20,572</u>
(20,526)	9,588	(3,810)	(2,706)	(20,357)
				100,000
<u>(20,526)</u>	<u>9,588</u>	<u>(3,810)</u>	<u>(2,706)</u>	<u>79,643</u>
<u>(5,818)</u>	<u>107,198</u>	<u>14,214</u>	<u>5,566</u>	<u>334,401</u>
\$ <u><u>(26,344)</u></u>	\$ <u><u>116,786</u></u>	\$ <u><u>10,404</u></u>	\$ <u><u>2,860</u></u>	\$ <u><u>414,044</u></u>

MORGAN COUNTY, ILLINOIS

ALL AGENCY FUNDS
COMBINING BALANCE SHEET

August 31, 2012

	Total	Tax Collector's Fund	Road District Motor Fuel Tax Allotment Fund	Inheritance Tax Fund
ASSETS				
Cash	\$ 13,032,121	\$ 11,908,164	\$ 604,395	\$ 383
Intergovernmental Receivables:				
Motor Fuel Tax	<u>78,345</u>	<u></u>	<u>78,345</u>	<u></u>
Total Assets	<u>\$ 13,110,466</u>	<u>\$ 11,908,164</u>	<u>\$ 682,740</u>	<u>\$ 383</u>
LIABILITIES				
Intergovernmental Payables:				
Accounts Payable	\$ 455,497	\$	\$ 455,497	\$
Funds Available for Distribution	<u>12,654,969</u>	<u>11,908,164</u>	<u>227,243</u>	<u>383</u>
Total Liabilities	<u>13,110,466</u>	<u>11,908,164</u>	<u>682,740</u>	<u>383</u>
NET ASSETS	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

Trust Fund	Circuit Clerk Bond Fund	Tax Sale Indemnity Fund	Road District Bridge Fund	Trustee Escrow Fund
\$ 36,508	\$ 217,178	\$ 194,220	\$ 16,269	\$ 3,771
<u>36,508</u>	<u>217,178</u>	<u>194,220</u>	<u>16,269</u>	<u>3,771</u>
\$ <u>36,508</u>	\$ <u>217,178</u>	\$ <u>194,220</u>	\$ <u>16,269</u>	\$ <u>3,771</u>
\$	\$	\$	\$	\$
<u>36,508</u>	<u>217,178</u>	<u>194,220</u>	<u>16,269</u>	<u>3,771</u>
<u>36,508</u>	<u>217,178</u>	<u>194,220</u>	<u>16,269</u>	<u>3,771</u>
\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

MORGAN COUNTY, ILLINOIS

ALL AGENCY FUNDS
COMBINING BALANCE SHEET

August 31, 2012

	Trustee Fund	Sheriff Bond Fund	MCS Revolving Loan Fund	Health Benefit Fund
ASSETS				
Cash	\$ 3,685	\$ 1,029	\$ 27,517	\$ 19,002
Intergovernmental Receivables: Motor Fuel Tax				
Total Assets	\$ <u>3,685</u>	\$ <u>1,029</u>	\$ <u>27,517</u>	\$ <u>19,002</u>
LIABILITIES				
Intergovernmental Payables: Accounts Payable	\$	\$	\$	\$
Funds Available for Distribution	<u>3,685</u>	<u>1,029</u>	<u>27,517</u>	<u>19,002</u>
Total Liabilities	<u>3,685</u>	<u>1,029</u>	<u>27,517</u>	<u>19,002</u>
NET ASSETS	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>	\$ <u>0</u>

MORGAN COUNTY, ILLINOIS

ALL AGENCY FUNDS
COMBINIG SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUNDS AVAILABLE FOR DISTRIBUTION

Year Ended August 31, 2012

	Funds Available For Distribution Beginning Of Year	Receipts	Disbursements	Funds Available For Distribution End Of Year
Tax Collector's Fund	\$ 10,388,111	\$ 37,011,310	\$ 35,491,257	\$ 11,908,164
Road District Motor Fuel				
Tax Allotment Fund	624,564	1,006,949	1,404,270	227,243
Inheritance Tax Fund	313	1,135,194	1,135,124	383
Trust Fund	34,424	5,121	3,037	36,508
Circuit Clerk Bond Fund	236,528	1,512,951	1,532,301	217,178
Tax Sale Indemnity Fund	185,132	9,088	0	194,220
Road District Bridge Fund	15,311	284,885	283,927	16,269
Trustee Escrow Fund	0	5,834	2,063	3,771
Trustee Fund	17,327	3,848	17,490	3,685
Sheriff Bond Fund	730	136,740	136,441	1,029
MCS Revolving Loan Fund	27,494	23	0	27,517
Health Benefit Fund	17,858	1,063,321	1,062,177	19,002
	<u>\$ 11,547,792</u>	<u>\$ 42,175,264</u>	<u>\$ 41,068,087</u>	<u>\$ 12,654,969</u>

MORGAN COUNTY, ILLINOIS

SCHEDULE OF EQUALIZED ASSESSED VALUATIONS AND TAX EXTENSIONS

August 31, 2012

	2011	2010	2009
EQUALIZED ASSESSED VALUATIONS			
Residential	\$ 272,296,429	\$ 274,577,406	\$ 267,725,948
Farm	102,348,323	96,930,986	90,833,396
Commercial	85,840,783	85,987,338	87,478,348
Industrial	35,372,302	35,172,638	34,916,907
Railroads	<u>7,905,698</u>	<u>7,407,753</u>	<u>6,716,761</u>
Total Equalized Assessed Valuations	<u>\$ 503,763,535</u>	<u>\$ 500,076,121</u>	<u>\$ 487,671,360</u>
TAX EXTENSIONS			
County Totals	\$ 5,129,220	\$ 4,998,030	\$ 4,834,578
School Districts	23,562,801	22,638,838	21,961,908
Junior College Districts	2,311,830	2,287,831	2,217,011
Cities and Villages	6,010,922	5,343,443	5,100,704
Road Districts	1,971,694	1,923,291	1,858,825
Airport Authority	133,502	130,027	125,869
Fire Protection Districts	229,964	163,153	160,625
Tax Increment Financing Districts	495,362	497,355	482,660
Special Districts	77,740	78,518	79,283
Library Districts	<u>67,763</u>	<u>66,185</u>	<u>64,492</u>
Total Tax Extensions	<u>\$ 39,990,798</u>	<u>\$ 38,126,671</u>	<u>\$ 36,885,955</u>

MORGAN COUNTY, ILLINOIS

SCHEDULE OF EQUALIZED ASSESSED VALUATIONS, TAX LEVIES,
RATES, EXTENSIONS AND COLLECTIONS

August 31, 2012

	2011	2010	2009
TAX LEVIES			
General	\$ 3,535,186	\$ 2,300,000	\$ 2,258,380
Illinois Municipal Retirement	-	690,000	500,000
Highway	682,767	720,000	705,000
Bridge	250,000	235,000	236,000
Aid Matching	233,192	220,000	235,000
Health	315,000	315,000	315,000
Extension Education	167,898	185,000	185,000
General Assistance	23,319	15,000	-
Tuberculosis	46,638	15,000	100,000
Social Security	-	400,000	300,000
	<u>-</u>	<u>400,000</u>	<u>300,000</u>
Total	\$ <u>5,254,000</u>	\$ <u>5,095,000</u>	\$ <u>4,834,380</u>

TAX RATES	MAX			
General	As Needed	0.68506	0.44983	0.46310
Illinois Municipal Retirement	As Needed	-	0.13799	0.10253
Highway	0.20000	0.13232	0.14081	0.14457
Bridge	0.25000	0.04846	0.04595	0.04840
Aid Matching	0.05000	0.04519	0.04302	0.04819
Health	0.10000	0.06105	0.06160	0.06460
Extension Education	0.05000	0.03254	0.03618	0.03794
General Assistance	0.10000	0.00452	0.00293	-
Tuberculosis	0.07500	0.00904	0.00293	0.02051
Social Security	As Needed	-	0.07823	0.06152
		<u>-</u>	<u>0.07823</u>	<u>0.06152</u>
Total		<u>1.01818</u>	<u>0.99947</u>	<u>0.99136</u>

	2011	2010	2009
TAX EXTENSIONS			
General	\$ 3,451,082	\$ 2,249,456	\$ 2,258,406
Illinois Municipal Retirement	-	690,044	500,009
Highway	666,580	704,146	705,026
Bridge	244,124	229,781	236,033
Aid Matching	227,651	215,129	235,009
Health	307,548	308,042	315,036
Extension Education	163,925	180,925	185,023
General Assistance	22,770	14,652	-
Tuberculosis	45,540	14,652	100,021
Social Security	-	391,203	300,015
	<u>-</u>	<u>391,203</u>	<u>300,015</u>
Total	\$ <u>5,129,220</u>	\$ <u>4,998,030</u>	\$ <u>4,834,578</u>

TAX COLLECTIONS

General	\$ 1,514,235	\$ 2,249,703	\$ 2,257,624
Illinois Municipal Retirement	-	690,120	499,839
Highway	292,475	704,226	704,784
Bridge	107,115	229,805	235,953
Aid Matching	99,886	215,154	234,928
Health	134,943	308,078	314,927
Extension Education	71,925	180,944	184,960
General Assistance	9,990	14,656	-
Tuberculosis	19,983	14,656	99,989
Social Security	-	391,244	299,912
	<u>-</u>	<u>391,244</u>	<u>299,912</u>
Total	\$ <u>2,250,552</u>	\$ <u>4,998,586</u>	\$ <u>4,832,916</u>

EQUALIZED ASSESSED VALUATIONS

\$ <u>503,763,535</u>	\$ <u>500,076,121</u>	\$ <u>487,671,360</u>
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MORGAN COUNTY, ILLINOIS
FEDERAL SINGLE AUDIT REPORT
For the Year Ended August 31, 2012

ZUMBAHLEN, EYTH, SURRETT, FOOTE & FLYNN, LTD.

Certified Public Accountants

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VALERIE L. FLYNN, CPA

• MEMBERS •
ILLINOIS SOCIETY OF CPA
AMERICAN INSTITUTE OF CPA

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

Members of the County Board
Morgan County, Illinois

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Morgan County, Illinois as of and for the year ended August 31, 2012, which collectively comprise Morgan County, Illinois' basic financial statements and have issued our report thereon dated December 14, 2012. 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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Morgan County, Illinois' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants 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 of the board, management, and appropriate 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.

Guaranteed, Mr. Samuel F. Felt & Felt

December 14, 2012

ZUMBAHLEN, EYTH, SURRATT, FOOTE & FLYNN, LTD.

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
OMB CIRCULAR A-133

Members of the County Board
Morgan County, Illinois

Compliance

We have audited Morgan County, Illinois' compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Morgan County, Illinois' major federal programs for the year ended August 31, 2012. Morgan County, Illinois' major federal programs are identified in the summary of auditors' 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 Morgan County, Illinois' management. Our responsibility is to express an opinion on Morgan County, Illinois' 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 Morgan County, Illinois' 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 Morgan County, Illinois' compliance with those requirements.

In our opinion, Morgan County, Illinois complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended August 31, 2012.

Internal Control Over Compliance

Management of Morgan County, Illinois 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 Morgan County, Illinois' internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the 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 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 Morgan County, Illinois' 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 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 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.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Morgan County, Illinois as of and for the year ended August 31, 2012, and have issued our report thereon dated December 14, 2012, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. 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 statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, 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 statements as a whole.

This report is intended for the information of the board, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Johnson, M., Summit, Food & Flyer

December 14, 2012

MORGAN COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended August 31, 2012

A. SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unqualified opinion on the financial statements of Morgan County, Illinois.
2. No significant deficiencies relating to the audit of the financial statements are reported in the *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*.
3. No instances of noncompliance material to the financial statements of Morgan County, Illinois were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs is reported in the *Independent Auditors' Report on Compliance With Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133*.
5. The auditors' report on compliance for the major federal award programs for Morgan County, Illinois expresses an unqualified opinion.
6. The audit of the major federal award programs of Morgan County, Illinois did not disclose any audit findings relating to major programs that are required to be reported in accordance with Section 510(a) of Circular A-133.
7. The programs tested as major programs include: Department of Housing and Urban Development, Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii CFDA #14.228, Department of Health and Human Services, Low Income Home Energy Assistance CFDA #93.568, and Department of Agriculture, WIC Nutrition Program CFDA #10.557.
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. Morgan County, Illinois, was not determined to be a low-risk auditee.
10. Morgan County, Illinois had no audit findings from prior year.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT REPORTABLE CONDITIONS

NONE

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS AUDIT

NONE

MORGAN COUNTY, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended August 31, 2012

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	Federal CFDA Number	Pass-Through Grantors Numbers
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
Direct Programs		
Special Needs Assistance-2012	14.235	IL0346B5T191003
Special Needs Assistance-2013	14.235	IL0346B5T191104
Total CFDA 14.235		
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PASSED THROUGH ILLINOIS DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY		
Community Development Block Grant	14.228	B-10-DC-17-0001
Total CFDA 14.228 ***		
Homelessness Prevention & Rapid Re-Housing - ARRA	14.257	09-261062
Total CFDA 14.257		
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		
U.S. DEPARTMENT OF ENERGY PASSED THROUGH ILLINOIS DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY		
Weatherization Assistance for Low-Income Persons		
DOE-ARRA	81.042	09-491037
DOE	81.042	2012
Total CFDA 81.042		
TOTAL U.S. DEPARTMENT OF ENERGY		

Revenue Recognized	Expenditures
\$ 36,572	\$ 36,572
20,089	20,089
<u>56,661</u>	<u>56,661</u>
\$ 343,700	\$ 343,700
<u>343,700</u>	<u>343,700</u>
\$ 25,599	\$ 25,599
<u>25,599</u>	<u>25,599</u>
\$ <u>425,960</u>	\$ <u>425,960</u>
\$ 253,467	\$ 253,467
6,505	6,505
<u>259,972</u>	<u>259,972</u>
\$ <u>259,972</u>	\$ <u>259,972</u>

MORGAN COUNTY, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Year Ended August 31, 2012

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	Federal CFDA Number	Pass-Through Grantors Numbers
U.S. DEPARTMENT OF JUSTICE - DIRECT PROGRAMS		
Bullet Proof Vest Partnership Grant	16.607	
Total CFDA 16.607		
U.S. DEPARTMENT OF JUSTICE PASSED THROUGH THE CITY OF JACKSONVILLE, ILLINOIS		
Edward Byrne Memorial Justice Assistance Grant	16.738	2011
Total CFDA 16.738		
TOTAL U.S. DEPARTMENT OF JUSTICE		
U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH ILLINOIS		
DEPARTMENT OF HUMAN SERVICES		
WIC Admin	10.557	Q11GQ01232
WIC Admin	10.557	FCSRE01068
WIC Supplemental Nutrition	10.557	M11GM359900
Total CFDA 10.557 ***		
WIC Farmers Market Nutrition Prog.	10.572	FCSRE01068
Total CFDA 10.572		
TOTAL U.S. DEPARTMENT OF AGRICULTURE		
U.S. ELECTION ASSISTANCE COMMISSION PASSED THROUGH ILLINOIS		
STATE BOARD OF ELECTIONS		
Help America Vote Act-Phase III	90.401	2011
Total CFDA 90.401		
TOTAL U.S. ELECTION ASSISTANCE COMMISSION		

Revenue Recognized	Expenditures
\$ <u>2,080</u>	\$ <u>2,080</u>
\$ <u>5,064</u>	\$ <u>5,064</u>
<u>5,064</u>	<u>5,064</u>
\$ <u><u>7,144</u></u>	\$ <u><u>7,144</u></u>
\$ 28,890	\$ 28,890
91,134	91,134
<u>380,023</u>	<u>380,023</u>
<u>500,047</u>	<u>500,047</u>
\$ <u>1,000</u>	\$ <u>1,000</u>
<u>1,000</u>	<u>1,000</u>
\$ <u><u>501,047</u></u>	\$ <u><u>501,047</u></u>
\$ <u>28,414</u>	\$ <u>28,414</u>
<u>28,414</u>	<u>28,414</u>
\$ <u><u>28,414</u></u>	\$ <u><u>28,414</u></u>

MORGAN COUNTY, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Year Ended August 31, 2012

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	Federal CFDA Number	Pass-Through Grantors Numbers
U.S. DEPARTMENT OF HOMELAND SECURITY PASSED THROUGH ILLINOIS EMERGENCY MANAGEMENT AGENCY		
Emergency Management Performance Grant	97.042	497-58830-4400

Total CFDA 97.042

TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH ILLINOIS STATE BOARD OF ELECTIONS		
Voting Access for Individuals With Disabilities	93.617	2011

Total CFDA 93.617

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH ILLINOIS DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY		
Low Income Home Energy Assistance-LIHEAP	93.568	10-224037
Low Income Home Energy Assistance-LIHEAP	93.568	11-224037
Low Income Home Energy Assistance-LIHEAP	94.568	12-224037
Low Income Home Energy Assistance-IHWAP	93.568	11-221037
Low Income Home Energy Assistance-IHWAP	93.568	13-221037

Total CFDA 93.568 ***

Community Services Block Grant-EHP	93.569	11-231037
Community Services Block Grant-EHP	93.569	12-231037

Total CFDA 93.569

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH ILLINOIS DEPARTMENT OF HEALTHCARE AND FAMILY SERVICES		
Child Support Enforcement Program	93.563	2012
Child Support Enforcement Program	93.563	2013

Total CFDA 93.563

Medical Assistance Program-Medicaid	93.778
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Total CFDA 93.778

Revenue Recognized	Expenditures
\$ <u>23,718</u>	\$ <u>23,718</u>
<u>23,718</u>	<u>23,718</u>
\$ <u>23,718</u>	\$ <u>23,718</u>
\$ <u>2,594</u>	\$ <u>2,594</u>
<u>2,594</u>	<u>2,594</u>
\$ 244,104	\$ 244,104
847,360	847,360
47,551	47,551
275,336	275,336
47,541	47,541
<u>1,461,892</u>	<u>1,461,892</u>
\$ 74,608	\$ 74,608
46,616	46,616
<u>121,224</u>	<u>121,224</u>
\$ 7,174	\$ 7,174
2,905	2,905
<u>10,079</u>	<u>10,079</u>
\$ 90,099	\$ 90,099
<u>90,099</u>	<u>90,099</u>

MORGAN COUNTY, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Year Ended August 31, 2012

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	Federal CFDA Number	Pass-Through Grantors Numbers
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH ILLINOIS DEPARTMENT OF HUMAN SERVICES		
Family Planning Services-Title X	93.217	Q11GQ01659
Family Planning Services-Title X	93.217	FCSRE01274
Total CFDA 93.217		
Social Services Block Grant-Family Planning	93.667	Q11GQ01659
Social Services Block Grant-Family Case Mgt	93.667	Q11GQ01149
Social Services Block Grant-Teen Preg Prev	93.667	Q11GQ00359
Total CFDA 93.667		
Maternal and Child Health Services Block Gr	93.994	Q11GQ00359
Maternal and Child Health Services Block Gr	93.994	Q11GQ01659
Maternal and Child H. S. Block Gr -Teen Preg Prev	93.994	FCSRE00758
Total CFDA 93.994		
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH ILLINOIS DEPARTMENT OF PUBLIC HEALTH		
Bioterrorism	93.069	1227180066
Bioterrorism	93.069	1327180066
Total CFDA 93.069		
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
TOTAL FEDERAL AWARDS		

*** Indicates Major Program

Revenue Recognized	Expenditures
\$ 22,954	\$ 22,954
27,136	27,136
<u>50,090</u>	<u>50,090</u>
\$ 31,922	\$ 31,922
2,000	2,000
19,573	19,573
<u>53,495</u>	<u>53,495</u>
\$ 1,672	\$ 1,672
1,718	1,718
1,520	1,520
<u>4,910</u>	<u>4,910</u>
\$ 37,745	\$ 37,745
1,974	1,974
<u>39,719</u>	<u>39,719</u>
\$ <u>1,834,102</u>	\$ <u>1,834,102</u>
\$ <u>3,080,357</u>	\$ <u>3,080,357</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

August 31, 2012

Note 1 – Summary of Significant Accounting Policies**General**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of Morgan County, Illinois. The County's reporting entity is defined in Note 1 to the County's financial statements. Federal awards passed through other government agencies are included on the schedule.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting.

Relationship to Basic Financial Statements

Federal awards received are reflected in the County's financial statements as revenue from federal sources.

Note 2 – Non-Cash Assistance

The County Health Department received non-cash assistance for Special Supplemental Nutrition program for Women, Infant and Children (WIC). The dollar value WIC Food Instruments redemptions for WIC Food benefit issued by the Health Department was \$380,023. The CFDA # for the program is 10.557.

Note 3 – Reconciliation of Financial Statement Federal Revenues to Schedule of Expenditures of Federal Awards

Federal Revenues Per Financial Statements	\$	3,388,972
Non-Cash Assistance Not Included in Financial Statements		380,023
Federal Highway Grants Paid on Behalf of the County, Reported at the State Level		(688,638)
Federal Revenues Per Schedule of Expenditures of Federal Awards	\$	<u>3,080,357</u>

Note 4 – Payments to Sub-recipients

Of the \$23,718 Emergency Preparedness Grant that was received, \$17,608 was passed on to the City of Jacksonville, Illinois and \$240 was passed on to the Village of South Jacksonville, Illinois.

MORGAN COUNTY, ILLINOIS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

August 31, 2012

Note 5 – Federal Insurance

Morgan County, Illinois had no Federal insurance in effect during the year ended August 31, 2012.

Note 6 – Federal Loans/Loan Guarantees

Morgan County, Illinois had no Federal loans or Federal loan guarantees outstanding as of August 31, 2012.