

MORGAN COUNTY, ILLINOIS  
ANNUAL FINANCIAL REPORT  
August 31, 2013

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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, the business-type activities, each major fund, and the aggregate remaining fund information of Morgan County, Illinois, as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

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 from material misstatement.

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Morgan County, Illinois, as of August 31, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 30–38 and retirement fund historical data on pages 39–41 be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Morgan County, Illinois' basic financial statements. The combining nonmajor fund financial statements, the schedule of equalized assessed valuations and tax extensions, and the schedule of equalized assessed valuations, tax levies, rates, extensions and collections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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.

Bushman, ~~the~~, Sumner, Fort & Flynn ~~the~~

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## MORGAN COUNTY, ILLINOIS

## Statement of Net Position

August 31, 2013

	Governmental Activities
<b>ASSETS</b>	
Cash	\$ 10,273,241
Taxes receivable, net of allowance for uncollectibles	2,763,023
Accounts receivable, net of allowance for uncollectibles	157,602
Due from governmental agencies	617,507
Capital assets, net of accumulated depreciation	<u>11,548,594</u>
Total assets	<u>25,359,967</u>
 <b>LIABILITIES</b>	
Accounts payable	402,893
Deferred revenue	26,681
Noncurrent liabilities:	
Due within one year	26,160
Due in more than one year	<u>185,285</u>
Total liabilities	<u>641,019</u>
 <b>NET POSITION</b>	
Investments in capital assets, net of related debt	11,548,594
Restricted for:	
Law and Judicial	518,891
Transportation	3,261,427
Health and Human Services	1,900,978
Other Purposes	764,710
Unrestricted	<u>6,724,348</u>
Total net position	<u><u>\$ 24,718,948</u></u>

See accompanying notes to financial statements

## MORGAN COUNTY, ILLINOIS

## Statement of Activities

Year Ended August 31, 2013

Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions
Governmental Activities:			
General Government	\$ 3,375,617	\$ 711,452	\$ 156,842
Law and Judicial	4,940,455	1,567,451	13,120
Health and Human Services	4,124,082	253,099	2,711,436
Transportation	<u>2,477,675</u>	<u>196,975</u>	<u>791,758</u>
Total Governmental Activities	\$ <u>14,917,829</u>	\$ <u>2,728,977</u>	\$ <u>3,673,156</u>

## General Revenues

Taxes

Intergovernmental

Sales Tax

Replacement Tax

Income Tax

Interest

Miscellaneous

Total General Revenues

Change in Net Position

Net Position-Beginning

Net Position-Ending

Capital Grants and Contributions	Governmental Activities
\$	\$ (2,507,323)
	(3,359,884)
	(1,159,547)
	(1,488,942)
<u>                    </u>	<u>                    </u>
\$ <u>                    </u> -	<u>                    </u> (8,515,696)

5,645,519
1,133,793
558,225
756,340
107,162
730,406
<u>                    </u>
8,931,445
<u>                    </u>
415,749
<u>                    </u>
24,303,199
<u>                    </u>
\$ <u>                    </u> 24,718,948

See accompanying notes to financial statements



## MORGAN COUNTY, ILLINOIS

GOVERNMENTAL FUNDS  
BALANCE SHEET

August 31, 2013

	General Fund	Aid Matching Fund	Cooperative Extension Fund
ASSETS			
Cash	\$ 4,378,139	\$ 821,743	\$
Property Taxes Receivable	1,877,031	117,959	84,642
Intergovernmental Receivables:			
Federal Grants			
State Grants			
Motor Fuel Tax			
Other	400,489		
Other Receivables	6,084		
Due from Other Funds	2,046		
	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	\$ <u>6,663,789</u>	\$ <u>939,702</u>	\$ <u>84,642</u>
LIABILITIES AND FUND BALANCE			
Accounts Payable	\$ 49,500	\$ 183,149	\$ 84,642
Deferred Revenue			
Due to Other Funds	74,119		
	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	123,619	183,149	84,642
Fund Balance			
Restricted for:			
Law and Judicial	93,009		
Transportation		756,553	
Health and Human Services			
Other Purposes	35,417		
Committed			
Unassigned	6,411,744		
	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>6,540,170</u>	<u>756,553</u>	<u>-</u>
Total Liabilities and Fund Balance	\$ <u>6,663,789</u>	\$ <u>939,702</u>	\$ <u>84,642</u>

IHWAP Fund	Other Governmental Funds	Total Governmental Funds
\$ 11,932	\$ 5,061,427	\$ 10,273,241
	683,391	2,763,023
61,853	99,641	161,494
	1,689	1,689
	53,835	53,835
		400,489
	151,518	157,602
52,301	204,288	258,635
<u>\$ 126,086</u>	<u>\$ 6,255,789</u>	<u>\$ 14,070,008</u>

\$ 34,351	\$ 51,251	\$ 402,893
	26,681	26,681
91,735	92,781	258,635
<u>126,086</u>	<u>170,713</u>	<u>688,209</u>

	425,882	518,891
	2,504,874	3,261,427
	1,900,978	1,900,978
	729,293	764,710
	554,302	554,302
	(30,253)	6,381,491
<u>-</u>	<u>6,085,076</u>	<u>13,381,799</u>
<u>\$ 126,086</u>	<u>\$ 6,255,789</u>	<u>\$ 14,070,008</u>

See accompanying notes to financial statements

MORGAN COUNTY, ILLINOIS

RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO THE  
STATEMENT OF NET POSITION

Year Ended August 31, 2013

Fund Balances - Total Governmental Funds	\$ 13,381,799
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	11,548,594
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>(211,445)</u>
Net Position of Governmental Activities	\$ <u>24,718,948</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, 2013

	General Fund	Aid Matching Fund	Cooperative Extension Fund
REVENUE			
Taxes	\$ 3,613,802	\$ 227,221	\$ 163,075
Intergovernmental	2,980,055		
Licenses and Permits	404,713		
Fines and Forfeits	657,990		
Revenue from Services	247,514		
Interest	96,004	743	
Miscellaneous	342,700		
	<u>8,342,778</u>	<u>227,964</u>	<u>163,075</u>
Total Revenue			
EXPENDITURES			
Current:			
General Government	2,857,550		163,075
Law and Judicial	4,402,435		
Health and Human Services	254,849		
Transportation	129,564		
Capital Outlay	106,369		
Debt Expense			
	<u>7,750,767</u>	<u>-</u>	<u>163,075</u>
Total Expenditures			
Revenue Over (Under) Expenditures	592,011	227,964	-
OTHER FINANCING SOURCES (USES)			
Interfund Transfers	(194,667)		
	<u>397,344</u>	<u>227,964</u>	<u>-</u>
Net change in fund balances			
FUND BALANCE, BEGINNING	6,142,826	528,589	-
FUND BALANCE, ENDING	<u>\$ 6,540,170</u>	<u>\$ 756,553</u>	<u>\$ -</u>

IHWAP Fund	Other Governmental Funds	Total Governmental Funds
\$	\$	\$
390,607	1,641,421	5,645,519
	3,158,467	6,529,129
	470	405,183
	243,206	901,196
	727,466	974,980
(7)	10,422	107,162
450	427,259	770,409
<u>391,050</u>	<u>6,208,711</u>	<u>15,333,578</u>
	226,422	3,247,047
	417,129	4,819,564
391,050	3,423,082	4,068,981
	1,477,508	1,607,072
	113,213	219,582
	26,876	26,876
<u>391,050</u>	<u>5,684,230</u>	<u>13,989,122</u>
-	524,481	1,344,456
	194,667	-
-	719,148	1,344,456
-	5,365,928	12,037,343
<u>\$ -</u>	<u>\$ 6,085,076</u>	<u>\$ 13,381,799</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, 2013

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 1,344,456
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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.	29,949
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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.	(983,901)
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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>25,245</u>
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Change in Net Position of Governmental Activities	\$ <u><u>415,749</u></u>
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See accompanying notes to financial statements

MORGAN COUNTY, ILLINOIS  
ALL AGENCY FUNDS  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
August 31, 2013

	Total
<b>ASSETS</b>	
Cash	\$ 13,112,246
Intergovernmental	
Receivables:	
Motor Fuel Tax	<u>91,170</u>
Total Assets	<u>13,203,416</u>
<b>LIABILITIES</b>	
Intergovernmental	
Payables:	
Accounts Payable	274,848
Funds Available	
for Distribution	<u>12,928,568</u>
Total Liabilities	<u>13,203,416</u>
NET ASSETS	\$ <u><u>0</u></u>

See accompanying notes to financial statements

MORGAN COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2013

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, 2013

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, 2013

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, 2013

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. Recently Issued and Adopted Accounting Pronouncements

In December 2010, the GASB issued Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. GASB 62 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements: Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure. This statement is effective for periods beginning after December 15, 2011. The adoption of GASB 62 does not have any impact on the Village's financial statements.

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, GASB 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. The statement of net assets is renamed the statement of net position and includes four components assets, deferred outflows of resources, liabilities and deferred inflows of resources. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2011.

MORGAN COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Recently Issued and Adopted Accounting Pronouncements (Continued)

In November 2010, the GASB issued Statement 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. GASB 61 provides additional criteria for classifying entities as component units to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. This statement is effective for periods beginning after June 15, 2012. Management is currently evaluating the impact of the adoption of this statement on the Village's financial statements.

G. 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.

H. 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.

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.

MORGAN COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Capital Assets (Continued)

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
<b>Building and Improvements</b>	30 - 40
<b>Equipment</b>	4 - 10
<b>Vehicles</b>	4 - 10
<b>Road and Bridges</b>	20

I. 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 \$185,285 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.

J. 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:

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

MORGAN COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Fund Equity (Continued)

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.

K. 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.

L. 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.

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.

MORGAN COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. 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 28, 2012.
- (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 23, 2013. 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.
- (f) Budgets for the general and special revenue funds are legally adopted and are on a basis consistent with GAAP.

MORGAN COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2013

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, 2013, \$3,226,037 of the County's deposits was covered by Federal Deposit Insurance, \$19,598,969 was covered by collateral held by the pledging institution in the name of the County, and \$339,600 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 2012 property tax levy is recorded as revenues in fiscal year 2013, 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, 2013
Levy Date	December 24, 2012
First Installment (one-half of the total bill) Due	July 3, 2013
Second Installment (balance of the total bill) Due	September 6, 2013
Tax Sale of Delinquent Accounts Held On	November 6, 2013



MORGAN COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2013

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.

The investment activity for the year ended August 31, 2013 is as follows:

Beginning Investment Balance	\$ 693,106
Contributions	42,012
Investment Income/(Loss)	71,203
Withdrawals	(78,014)
Transfers Out	
Asset Fees	(892)
Life Insurance (Posted Only)	(221)
<b>Ending Investment Balance</b>	<b>\$ 727,194</b>
<b>Life Insurance Policy Holder Account Value</b>	<b>\$ 1,794</b>

MORGAN COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2013

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](http://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 2012 was 21.19 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.

**Annual Pension Cost:** The required contribution for calendar year 2012 was \$313,641.

**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
12/31/12	313,641	100%	\$ 0
12/31/11	289,956	100%	0
12/31/10	294,312	100%	0

MORGAN COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2013

NOTE 8. DEFINED BENEFIT PENSION PLAN (Continued)

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

The required contribution rate for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, 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, 2010 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, 2012, the most recent actuarial valuation date, the Sheriff's Law Enforcement Personnel plan was 67.28 percent funded. The actuarial accrued liability for benefits was \$6,570,261 and the actuarial value of assets was \$4,420,602, resulting in an underfunded actuarial accrued liability (UAAL) of \$2,149,659. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$1,480,136 and the ratio of the UAAL to the covered payroll was 145 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.

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](http://www.imrf.org).

MORGAN COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2013

NOTE 8. DEFINED BENEFIT PENSION PLAN (Continued)

B. Elected County Official (ECO) (Continued)

**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 2012 was 30.43 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:** The required contribution for calendar year 2012 was \$150,334.

**Three-Year Trend Information for the Elected County Officials Plan**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/12	150,334	100%	\$ 0
12/31/11	146,666	100%	0
12/31/10	129,997	100%	0

The required contribution rate for 2012 was determined as part of the December 31, 2010 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, 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, 2010 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, 2012, the most recent actuarial valuation date, the Elected County Official plan was 64.50 percent funded. The actuarial accrued liability for benefits was \$3,176,108 and the actuarial value of assets was \$2,048,574, resulting in an underfunded actuarial accrued liability (UAAL) of \$1,127,534. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$494,033 and the ratio of the UAAL to the covered payroll was 228 percent.

MORGAN COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2013

NOTE 8. DEFINED BENEFIT PENSION PLAN (Continued)

B. Elected County Official (ECO) (Continued)

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](http://www.imrf.org).

**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 2012 was 13.07 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:** The required contribution for calendar year 2012 was \$507,927.

**Three-Year Trend Information for the Regular Plan**

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/12	507,927	100%	\$ 0
12/31/11	509,468	100%	0
12/31/10	477,798	100%	0

MORGAN COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2013

NOTE 8. DEFINED BENEFIT PENSION PLAN (Continued)

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

The required contribution rate for 2012 was determined as part of the December 31, 2010 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, 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, 2010 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, 2012, the most recent actuarial valuation date, the Regular plan was 69.21 percent funded. The actuarial accrued liability for benefits was \$14,687,367 and the actuarial value of assets was \$10,164,766, resulting in an underfunded actuarial accrued liability (UAAL) of \$4,522,601. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$3,886,203 and the ratio of the UAAL to the covered payroll was 116 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, Workforce Development Council and Illinois Public Health Mutual Aid System.

NOTE 10. CONSTRUCTION IN PROGRESS

As of August 31, 2013, 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, 2013

NOTE 11 - CAPITAL ASSETS

Capital asset activity for the year ended August 31, 2013 was as follows:

	Beginning Balance 8/31/12	Increases	Transfer of Construction In Progress	Decreases	Ending Balance 8/31/2013
Capital assets not being depreciated					
Construction in progress	\$ 35,361	\$ 21,674	\$ -	\$ -	\$ 57,035
Capital assets being depreciated					
Road and bridges	19,753,661				19,753,661
Building and improvements	4,364,729				4,364,729
Equipment	1,509,059				1,509,059
Vehicles	1,050,930	58,463			1,109,393
Total capital assets being depreciated	26,678,379	58,463	0	0	26,736,842
Less accumulated depreciation for:					
Road and bridges	10,515,114	773,233			11,288,347
Buildings and improvements	1,861,735	101,618			1,963,353
Equipment	1,012,299	106,902			1,119,201
Vehicles	792,097	82,284			874,381
Total accumulated depreciation	14,181,245	\$ 1,064,037	\$ 0	\$ 0	15,245,282
Total capital assets being depreciated, net	12,497,134				11,491,560
Governmental activities capital assets, net	\$ 12,532,495				\$ 11,548,595

Depreciation Expense

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

Governmental activities	
General Government	\$ 60,635
Law and Judicial	128,341
Health and Human Services	50,169
Transportation	824,892
Total depreciation expense - governmental activities	\$ 1,064,037

MORGAN COUNTY, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
August 31, 2013

NOTE 12 - LEGAL DEBT MARGIN

Equalized Assessed Valuation, 2012 Tax Year	\$ <u>510,504,803</u>
Statutory Debt Limitation (5.75% of Equalized Assessed Valuation)	\$ 29,354,026
Less: Bond Indebtedness	<u>0</u>
Legal Debt Margin	\$ <u>29,354,026</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, 2013, interfund receivables and payables consisted of the following:

Funds	Due From Other Funds	Due to Other Funds
General		
IHWAP	\$ -	\$ 1,338
Nonmajor Governmental	<u>46</u>	<u>781</u>
Total General	<u>46</u>	<u>2,119</u>
IHWAP		
General	1,338	-
Nonmajor Governmental	<u>37,327</u>	<u>78,098</u>
Total IHWAP	<u>38,665</u>	<u>78,098</u>
Nonmajor Governmental		
General	781	46
IHWAP	78,098	37,327
Nonmajor Governmental	<u>23,428</u>	<u>23,428</u>
Total Nonmajor Governmental	<u>102,307</u>	<u>60,801</u>
Total Interfund - All Funds	\$ <u>141,018</u>	\$ <u>141,018</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, 2013

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	\$ <u>          </u>	\$ <u>194,667</u>
Total General Fund	<u>          -</u>	<u>194,667</u>
Nonmajor Governmental		
General	<u>194,667</u>	<u>          </u>
Total Nonmajor Governmental	<u>194,667</u>	<u>          -</u>
Total Interfunds - All Funds	\$ <u><u>194,667</u></u>	\$ <u><u>194,667</u></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 \$70,000 transfer from General fund.

Law Library fund received a \$10,000 transfer from General fund.

MORGAN COUNTY, ILLINOIS  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
August 31, 2013

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. During the year ended August 31, 2013 the interest expense totaled \$1,631. The balance as of August 31, 2013 is \$26,160.

A summary of payments and due dates follows:

<i>Fiscal Year Ending</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2014	\$ <u>26,160</u>	\$ <u>981</u>	\$ <u>27,141</u>
<b>Total</b>	\$ <u>26,160</u>	\$ <u>981</u>	\$ <u>27,141</u>

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, 2013 is as follows:

<b>Balance</b>	<b>Net Increase/ (Decrease)</b>	<b>Balance</b>
<b><u>August 31, 2012</u></b>	<b><u>(Decrease)</u></b>	<b><u>August 31, 2013</u></b>
\$ 215,234	\$(29,949)	\$ 185,285

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 January 31, 2014, 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, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUE				
Property Taxes	\$ 3,650,000	\$ 3,650,000	\$ 3,613,802	\$ (36,198)
Intergovernmental:				
Sales Tax	1,100,000	1,100,000	1,133,793	33,793
Income Tax	700,000	700,000	756,340	56,340
Replacement Tax	450,000	450,000	558,225	108,225
Inheritance Tax	20,000	20,000	0	(20,000)
State Other	512,730	512,730	490,164	(22,566)
Federal	33,000	33,000	41,533	8,533
Licenses and Permits	409,981	409,981	404,713	(5,268)
Fines and Forfeits	741,109	741,109	657,990	(83,119)
Revenue from Services	148,299	148,299	247,514	99,215
Interest	120,000	120,000	96,004	(23,996)
Miscellaneous	<u>452,667</u>	<u>452,667</u>	<u>342,700</u>	<u>(109,967)</u>
Total Revenue	<u>8,337,786</u>	<u>8,337,786</u>	<u>8,342,778</u>	<u>4,992</u>
EXPENDITURES				
Current:				
General Government	3,090,861	3,138,711	2,857,550	281,161
Law and Judicial	4,683,571	4,703,971	4,402,435	301,536
Health and Human Services	295,800	295,800	254,849	40,951
Transportation	150,400	150,400	129,564	20,836
Capital Outlay	<u>230,000</u>	<u>230,000</u>	<u>106,369</u>	<u>123,631</u>
Total Expenditures	<u>8,450,632</u>	<u>8,518,882</u>	<u>7,750,767</u>	<u>768,115</u>
Revenues Over (Under) Expenditures	(112,846)	(181,096)	592,011	773,107
OTHER FINANCING SOURCES (USES)				
Interfund Transfers	<u>(100,000)</u>	<u>(100,000)</u>	<u>(194,667)</u>	<u>(94,667)</u>
Net change in fund balances	\$ <u>(212,846)</u>	\$ <u>(281,096)</u>	397,344	\$ <u>678,440</u>
FUND BALANCE, BEGINNING			<u>6,142,826</u>	
FUND BALANCE, ENDING			<u>\$ 6,540,170</u>	

MORGAN COUNTY, ILLINOIS  
GENERAL FUND  
SCHEDULE OF EXPENDITURES

Year Ended August 31, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
EXPENDITURES				
Current:				
General Government				
Commissioners' Office				
Commissioners' Salaries	\$ 104,475	\$ 104,475	\$ 104,475	\$ 0
Other Salaries	36,989	37,489	37,489	0
Services	8,000	8,000	4,924	3,076
Materials	2,000	2,000	1,267	733
Total Commissioners' Office	<u>151,464</u>	<u>151,964</u>	<u>148,155</u>	<u>3,809</u>
Treasurer's Office				
County Treasurer's Salary	57,900	57,900	57,900	0
Other Salaries	66,355	66,455	66,405	50
Services	6,000	6,000	4,054	1,946
Materials	5,500	5,500	5,031	469
Total Treasurer's Office	<u>135,755</u>	<u>135,855</u>	<u>133,390</u>	<u>2,465</u>
County Clerk's Office				
County Clerk's Salary	57,900	57,900	57,900	0
Other Salaries	190,000	190,000	164,583	25,417
Services	13,000	13,000	9,830	3,170
Materials	100,000	117,500	117,090	410
Election Grant Expense	33,000	47,000	46,800	200
Election	162,000	175,700	175,626	74
Total County Clerk's Office	<u>555,900</u>	<u>601,100</u>	<u>571,829</u>	<u>29,271</u>
Assessor's Office				
Salaries	172,734	172,734	167,526	5,208
Services	11,500	11,500	4,279	7,221
Materials	10,000	10,350	10,313	37
Total Assessor's Office	<u>\$ 194,234</u>	<u>\$ 194,584</u>	<u>\$ 182,118</u>	<u>\$ 12,466</u>

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

Year Ended August 31, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
EXPENDITURES				
General Government (con't)				
General Expenditures				
E.D. Director	\$ 120,000	\$ 121,600	\$ 121,598	\$ 2
Other	35,000	35,000	26,577	8,423
Medical Insurance	660,000	660,000	648,765	11,235
Postage	70,000	70,000	42,119	27,881
Professional Fees	80,000	80,000	54,644	25,356
Computer Services	120,000	120,000	116,143	3,857
Merit Commission	3,000	3,000	813	2,187
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	0	14,667
Solid Waste Planning	6,000	6,000	5,000	1,000
Liability Insurance	400,000	400,000	325,323	74,677
Health Committee	16,000	16,000	6,844	9,156
Total General Expenditures	<u>1,589,667</u>	<u>1,591,267</u>	<u>1,412,826</u>	<u>178,441</u>
Educational Service Region Office Services	<u>121,121</u>	<u>121,221</u>	<u>121,220</u>	<u>1</u>
Total Educational Service Region Office	<u>121,121</u>	<u>121,221</u>	<u>121,220</u>	<u>1</u>
Courthouse				
Salaries	30,120	30,120	29,200	920
Services	38,000	38,000	25,089	12,911
Materials	4,500	4,500	3,875	625
Total Courthouse	<u>72,620</u>	<u>72,620</u>	<u>58,164</u>	<u>14,456</u>
Morgan County Center				
Salaries	1,500	1,500	855	645
Services	27,000	27,000	21,582	5,418
Materials	2,000	2,000	846	1,154
Total Morgan County Center	<u>\$ 30,500</u>	<u>\$ 30,500</u>	<u>\$ 23,283</u>	<u>\$ 7,217</u>

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

Year Ended August 31, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
EXPENDITURES				
General Government (con't)				
Retirement	\$ 239,600	\$ 239,600	\$ 206,565	\$ 33,035
Total Retirement	239,600	239,600	206,565	33,035
Total General Government	\$ 3,090,861	\$ 3,138,711	\$ 2,857,550	\$ 281,161
Law and Judicial				
Sheriff and Law Enforcement				
Sheriff's Salary	68,300	68,300	68,300	0
Other Salaries	756,225	756,225	724,806	31,419
Services	94,200	94,200	83,337	10,863
Materials	78,200	83,300	83,228	72
Total Sheriff and Law Enforcement	996,925	1,002,025	959,671	42,354
Civil Defense Office				
City/County Agreement	40,163	40,163	32,428	7,735
Payments to Other Governments	16,751	18,051	17,987	64
Total Civil Defense Office	56,914	58,214	50,415	7,799
Coroner's Office				
Coroner's Salary	27,768	27,768	27,768	0
Other Salaries	9,484	9,484	9,375	109
Services	47,000	47,000	34,330	12,670
Materials	3,500	3,500	2,823	677
Total Coroner's Office	87,752	87,752	74,296	13,456
Probation Office				
Salaries	448,554	448,554	447,766	788
Services	12,920	12,920	10,189	2,731
Materials	2,210	2,810	2,756	54
Total Probation Office	\$ 463,684	\$ 464,284	\$ 460,711	\$ 3,573

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

Year Ended August 31, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
EXPENDITURES				
Law and Judicial (con't)				
County Jail				
Salaries	\$ 1,017,000	\$ 1,017,000	\$ 981,805	\$ 35,195
Services	209,700	209,700	190,164	19,536
Materials	29,000	29,000	84,321	(55,321)
Total County Jail	<u>1,255,700</u>	<u>1,255,700</u>	<u>1,256,290</u>	<u>(590)</u>
Circuit Clerk's Office				
Circuit Clerk's Salary	57,900	57,900	57,900	0
Other Salaries	115,053	115,053	115,052	1
Services	4,000	4,000	3,271	729
Materials	5,000	5,000	5,001	(1)
Total Circuit Clerk's Office	<u>181,953</u>	<u>181,953</u>	<u>181,224</u>	<u>729</u>
Public Defender's Office				
Salaries	<u>181,648</u>	<u>182,548</u>	<u>179,379</u>	<u>3,169</u>
Total Public Defender's Office	<u>181,648</u>	<u>182,548</u>	<u>179,379</u>	<u>3,169</u>
Court Related				
Salaries	36,646	36,646	36,646	0
Materials	2,500	2,500	2,326	174
Care and Support of Minors	55,000	55,000	6,264	48,736
Court Appointed Counsel	25,000	37,500	37,400	100
Publication	6,000	6,000	771	5,229
Interpreters	10,000	10,000	6,744	3,256
Jury	25,000	25,000	3,812	21,188
Total Court Related	<u>160,146</u>	<u>172,646</u>	<u>93,963</u>	<u>78,683</u>
Circuit Judge's Office				
Services	4,790	4,790	4,267	523
Materials	2,500	2,500	623	1,877
Equipment	5,000	5,000		5,000
Total Circuit Judge's Office	<u>\$ 12,290</u>	<u>\$ 12,290</u>	<u>\$ 4,890</u>	<u>\$ 7,400</u>

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

Year Ended August 31, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
EXPENDITURES				
Law and Judicial (con't)				
Associate Circuit Judge's Office				
Services	\$ 3,560	\$ 3,560	\$ 1,903	\$ 1,657
Materials	1,500	1,500	1,194	306
Equipment	<u>3,000</u>	<u>3,000</u>		<u>3,000</u>
Total Associate Circuit Judge's Office	<u>8,060</u>	<u>8,060</u>	<u>3,097</u>	<u>4,963</u>
State's Attorney				
State's Attorney Salary	166,500	166,500	169,736	(3,236)
Other Salaries	180,799	180,799	161,880	18,919
Victim Assistance	23,000	23,000	20,567	2,433
Services	26,000	26,000	23,954	2,046
Materials	<u>8,000</u>	<u>8,000</u>	<u>8,825</u>	<u>(825)</u>
Total State's Attorney	<u>404,299</u>	<u>404,299</u>	<u>384,962</u>	<u>19,337</u>
Retirement	<u>874,200</u>	<u>874,200</u>	<u>753,537</u>	<u>120,663</u>
Total Retirement	<u>874,200</u>	<u>874,200</u>	<u>753,537</u>	<u>120,663</u>
Total Law and Judicial	\$ <u>4,683,571</u>	\$ <u>4,703,971</u>	\$ <u>4,402,435</u>	\$ <u>301,536</u>
Health and Human Services				
Retirement	<u>295,800</u>	<u>295,800</u>	<u>254,849</u>	<u>40,951</u>
Total Retirement	<u>295,800</u>	<u>295,800</u>	<u>254,849</u>	<u>40,951</u>
Total Health and Human Services	\$ <u>295,800</u>	\$ <u>295,800</u>	\$ <u>254,849</u>	\$ <u>40,951</u>
Transportation				
Retirement	<u>150,400</u>	<u>150,400</u>	<u>129,564</u>	<u>20,836</u>
Total Retirement	<u>150,400</u>	<u>150,400</u>	<u>129,564</u>	<u>20,836</u>
Total Transportation	\$ <u>150,400</u>	\$ <u>150,400</u>	\$ <u>129,564</u>	\$ <u>20,836</u>
Capital Outlay	\$ <u>230,000</u>	\$ <u>230,000</u>	\$ <u>106,369</u>	\$ <u>123,631</u>
Total General Fund Expenditures	\$ <u><u>8,450,632</u></u>	\$ <u><u>8,518,882</u></u>	\$ <u><u>7,750,767</u></u>	\$ <u><u>768,115</u></u>



## MORGAN COUNTY, ILLINOIS

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

Year Ended August 31, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUE				
Taxes	\$ 230,000	\$ 230,000	\$ 227,221	\$ (2,779)
Interest	2,000	2,000	743	(1,257)
Other	<u>15,000</u>	<u>15,000</u>	<u></u>	<u>(15,000)</u>
Total Revenue	<u>247,000</u>	<u>247,000</u>	<u>227,964</u>	<u>(19,036)</u>
EXPENDITURES				
Capital Outlay	<u>750,000</u>	<u>750,000</u>	<u></u>	<u>750,000</u>
Total Expenditures	<u>750,000</u>	<u>750,000</u>	<u>-</u>	<u>750,000</u>
Net change in fund balances	\$ <u><u>(503,000)</u></u>	\$ <u><u>(503,000)</u></u>	227,964	\$ <u><u>730,964</u></u>
FUND BALANCE, BEGINNING			<u>528,589</u>	
FUND BALANCE, ENDING			\$ <u><u>756,553</u></u>	

## MORGAN COUNTY, ILLINOIS

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

Year Ended August 31, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
REVENUE				
Taxes	\$ <u>165,000</u>	\$ <u>165,000</u>	\$ <u>163,075</u>	\$ <u>(1,925)</u>
Total Revenue	<u>165,000</u>	<u>165,000</u>	<u>163,075</u>	<u>(1,925)</u>
EXPENDITURES				
Current				
General Government	<u>165,000</u>	<u>168,793</u>	<u>163,075</u>	<u>5,718</u>
Total Expenditures	<u>165,000</u>	<u>168,793</u>	<u>163,075</u>	<u>5,718</u>
Net change in fund balances	\$ <u><u>0</u></u>	\$ <u><u>(3,793)</u></u>	-	\$ <u><u>3,793</u></u>
FUND BALANCE, BEGINNING			<u>-</u>	
FUND BALANCE, ENDING			\$ <u><u>-</u></u>	

## MORGAN COUNTY, ILLINOIS

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

Year Ended August 31, 2013

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<b>REVENUE</b>				
Intergovernmental:				
Federal Grants	\$ 298,525	\$ 298,525	\$ 240,759	\$ (57,766)
State Grants			149,848	149,848
Revenue from Services	10,000	10,000		(10,000)
Interest	60	60	(7)	(67)
Other	9,000	9,000	450	(8,550)
	<u>317,585</u>	<u>317,585</u>	<u>391,050</u>	<u>73,465</u>
Total Revenue				
<b>EXPENDITURES</b>				
Current:				
Health and Human Services	298,525	483,525	391,050	92,475
	<u>298,525</u>	<u>483,525</u>	<u>391,050</u>	<u>92,475</u>
Total Expenditures				
Net change in fund balances	\$ <u>19,060</u>	\$ <u>(165,940)</u>	-	\$ <u>165,940</u>
FUND BALANCE, BEGINNING			<u>-</u>	
FUND BALANCE, ENDING			\$ <u><u>-</u></u>	

MORGAN COUNTY, ILLINOIS

Schedule of Funding Progress  
 Illinois Municipal Retirement Fund  
 Sheriff's Law Enforcement Personnel (SLEP)  
 August 31, 2013  
 (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)
12/31/12	4,420,602	6,570,261	2,149,659	67.28%	1,480,136	145.23%
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%

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$4,606,031. On a market basis, the funded ratio would be 70.10%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Morgan County. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

MORGAN COUNTY, ILLINOIS

Schedule of Funding Progress  
Illinois Municipal Retirement Fund  
Elected County Official (ECO)  
August 31, 2013  
(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)
12/31/12	2,048,574	3,176,108	1,127,534	64.50%	494,033	228.23%
12/31/11	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%

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$2,137,249. On a market basis, the funded ratio would be 67.29%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Morgan County. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

MORGAN COUNTY, ILLINOIS

Schedule of Funding Progress  
 Illinois Municipal Retirement Fund  
 County Employees Other than SLEP and ECO  
 August 31, 2013  
 (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)
12/31/12	10,164,766	14,687,367	4,522,601	69.21%	3,886,203	116.38%
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%

On a market value basis, the actuarial value of assets as of December 31, 2012 is \$10,572,362. On a market basis, the funded ratio would be 71.98%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with Morgan County. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

## MORGAN COUNTY, ILLINOIS

NON MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET

August 31, 2013

	Total	County Recorders Fund	Animal Control Fund
ASSETS			
Cash	\$ 5,061,427	\$ 16,975	\$ 453,453
Property Taxes Receivable	683,391		
Intergovernmental Receivables:			
Federal Grants	99,641		
State Grants	1,689		
Motor Fuel Tax	53,835		
Other Receivables	151,518		
Due from Other Funds	204,288		
	<hr/>	<hr/>	<hr/>
Total Assets	\$ <u>6,255,789</u>	\$ <u>16,975</u>	\$ <u>453,453</u>
LIABILITIES AND FUND BALANCE			
Accounts Payable	\$ 51,251	\$	\$
Deferred Revenue	26,681		
Due to Other Funds	92,781		
	<hr/>	<hr/>	<hr/>
Total Liabilities	170,713	-	-
Fund Balance			
Restricted for:			
Law and Judicial	425,882		
Transportation	2,504,874		
Health and Human Services	1,900,978		
Other Puposes	729,293	16,975	413,909
Committed	554,302		39,544
Unassigned	(30,253)		
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balance	\$ <u>6,255,789</u>	\$ <u>16,975</u>	\$ <u>453,453</u>

General Assistance Fund	Tuberculosis Sanitarium Fund	Health Department Fund	Coroner's Fund	E-Citation Fund
\$ 125,461 12,837	\$ 24,771 38,489	\$ 513,823 161,568 91,401	\$ 15,680	\$ 8,386
	175	14,730		240
<u>\$ 138,298</u>	<u>\$ 63,435</u>	<u>\$ 781,522</u>	<u>\$ 15,680</u>	<u>\$ 8,626</u>
\$	\$	\$ 10,636 9,788	\$	\$
<u>-</u>	<u>-</u>	<u>20,424</u>	<u>-</u>	<u>-</u>
138,298	63,435	761,098	15,680	8,626
<u>\$ 138,298</u>	<u>\$ 63,435</u>	<u>\$ 781,522</u>	<u>\$ 15,680</u>	<u>\$ 8,626</u>



## MORGAN COUNTY, ILLINOIS

NON MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET (CONTINUED)

August 31, 2013

	Vital Statistics Fund	Drug Fee Fund	Marriage Fund
ASSETS			
Cash	\$ 2,928	\$ 20,637	\$ 8,124
Property Taxes Receivable			
Intergovernmental Receivables:			
Federal Grants			
State Grants			
Motor Fuel Tax			
Other Receivables			
Due from Other Funds			
	<hr/>	<hr/>	<hr/>
Total Assets	\$ <u>2,928</u>	\$ <u>20,637</u>	\$ <u>8,124</u>
LIABILITIES AND FUND BALANCE			
Accounts Payable	\$	\$	\$
Deferred Revenue			
Due to Other Funds			
	<hr/>	<hr/>	<hr/>
Total Liabilities	-	-	-
Fund Balance			
Restricted for:			
Law and Judicial		20,637	
Transportation			
Health and Human Services			
Other Puposes	2,928		8,124
Committed			
Unassigned			
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balance	\$ <u>2,928</u>	\$ <u>20,637</u>	\$ <u>8,124</u>

Law Library Fund	Child Support Fund	Probation Office Fund	Court Automation Fund	Circuit Clerk Operating Fund	Drug Enforcement Fund
\$ 11,155	\$ 27,257	\$ 61,385	\$ 155,227	\$ 9,432	\$ 10,350
			1,022 527		
2,259		5,561	5,879	535	
<u>13,414</u>	<u>27,257</u>	<u>66,946</u>	<u>162,655</u>	<u>9,967</u>	<u>10,350</u>
\$	\$	\$	\$	\$	\$
2,000			1,549		
<u>2,000</u>	<u>-</u>	<u>-</u>	<u>1,549</u>	<u>-</u>	<u>-</u>
11,414	27,257	66,946	161,106	9,967	10,350
<u>13,414</u>	<u>27,257</u>	<u>66,946</u>	<u>162,655</u>	<u>9,967</u>	<u>10,350</u>
\$	\$	\$	\$	\$	\$

## MORGAN COUNTY, ILLINOIS

NON MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET (CONTINUED)

August 31, 2013

	Court Document Storage Fund	911 Fee Fund	Police Vehicle Fund
ASSETS			
Cash	\$ 112,308	\$ 909,449	\$ 9,219
Property Taxes Receivable			
Intergovernmental Receivables:			
Federal Grants			
State Grants			
Motor Fuel Tax			
Other Receivables	5,897	88,074	
Due from Other Funds			
	<hr/>	<hr/>	<hr/>
Total Assets	\$ <u>118,205</u>	\$ <u>997,523</u>	\$ <u>9,219</u>
LIABILITIES AND FUND BALANCE			
Accounts Payable	\$	\$ 6,253	\$
Deferred Revenue			
Due to Other Funds			
	<hr/>	<hr/>	<hr/>
Total Liabilities	-	6,253	-
Fund Balance			
Restricted for:			
Law and Judicial	118,205		
Transportation			
Health and Human Services		991,270	
Other Puposes			9,219
Committed			
Unassigned			
	<hr/>	<hr/>	<hr/>
Total Liabilities and Fund Balance	\$ <u>118,205</u>	\$ <u>997,523</u>	\$ <u>9,219</u>

Title IV-D (KIDS) Fund	Highway Fund	Bridge Construction and Repair Fund	Marnico Special Service Fund	Motor Fuel Tax Fund
\$ 3,648	\$ 593,505	\$ 497,785	\$ 15,164	\$ 868,315
	343,613	125,677	1,207	
713				
367				53,835
	27,493			
<u>4,728</u>	<u>964,611</u>	<u>623,462</u>	<u>16,371</u>	<u>922,150</u>
\$	\$	\$	\$	\$
	19,426			2,294
<u>-</u>	<u>19,426</u>	<u>-</u>	<u>-</u>	<u>2,294</u>
	945,185	623,462	16,371	919,856
4,728				
<u>4,728</u>	<u>964,611</u>	<u>623,462</u>	<u>16,371</u>	<u>922,150</u>
\$	\$	\$	\$	\$

## MORGAN COUNTY, ILLINOIS

NON MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET (CONTINUED)

August 31, 2013

	Corporate and Miscel- laneous Grant Programs	CSBG Programs	LIHEAP Fund
ASSETS			
Cash	\$ 15,721	\$ 6,615	\$ 10,586
Property Taxes Receivable			
Intergovernmental Receivables:			
Federal Grants	1,920		4,585
State Grants			795
Motor Fuel Tax		675	
Other Receivables		7,508	
Due from Other Funds	<u>124,780</u>	<u>7,508</u>	<u></u>
Total Assets	\$ <u><u>142,421</u></u>	\$ <u><u>14,798</u></u>	\$ <u><u>15,966</u></u>
LIABILITIES AND FUND BALANCE			
Accounts Payable	\$ 60	\$ 2,710	\$ 7,546
Deferred Revenue	16,893		
Due to Other Funds	<u>42,217</u>	<u>12,088</u>	<u>6,496</u>
Total Liabilities	59,170	14,798	14,042
Fund Balance			
Restricted for:			
Law and Judicial			
Transportation			
Health and Human Services	83,251		1,924
Other Puposes			
Committed			
Unassigned	<u></u>	<u></u>	<u></u>
Total Liabilities and Fund Balance	\$ <u><u>142,421</u></u>	\$ <u><u>14,798</u></u>	\$ <u><u>15,966</u></u>

**Capital  
Projects  
Fund**

Regional Planning Commission Fund	GIS Fund	County Clerk GIS Fund	State's Attorney Law Enforcement Fund	Capital Improvements Fund
\$ 504	\$ 94,378	\$ 12,751	\$ 3,677	\$ 442,758
				72,000
\$ 504	\$ 94,378	\$ 12,751	\$ 3,677	\$ 514,758
\$ 777	\$	\$	\$	\$
29,980				
30,757	-	-	-	-
	94,378	12,751	3,677	514,758
(30,253)				
\$ 504	\$ 94,378	\$ 12,751	\$ 3,677	\$ 514,758

MORGAN COUNTY, ILLINOIS  
NON MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
Year Ended August 31, 2013

	Total	County Recorders Fund	Animal Control Fund
REVENUE			
Taxes	\$ 1,641,421	\$	\$
Intergovernmental:			
Federal	1,583,456		
State	1,521,909		
Local	53,102		53,102
Licenses and Permits	470		
Fines and Forfeits	243,206		217
Revenue from Services	727,466	21,941	75,339
Interest	10,422	8	325
Miscellaneous	427,259		385,789
	<u>6,208,711</u>	<u>21,949</u>	<u>514,772</u>
Total Revenue			
EXPENDITURES			
Current:			
General Government	226,422	5,969	
Law and Judicial	417,129		164,186
Health and Human Services	3,423,082		
Transportation	1,477,508		
Capital Outlay	113,213	894	817
Debt Expense	26,876		
	<u>5,684,230</u>	<u>6,863</u>	<u>165,003</u>
Total Expenditures			
Revenue Over (Under) Expenditures	524,481	15,086	349,769
OTHER FINANCING SOURCES (USES)			
Interfund Transfers	194,667		14,667
	<u>719,148</u>	<u>15,086</u>	<u>364,436</u>
Net change in fund balances			
FUND BALANCE, BEGINNING - RESTATED	5,365,928	1,889	89,017
	<u>5,365,928</u>	<u>1,889</u>	<u>89,017</u>
FUND BALANCE, ENDING	\$ <u>6,085,076</u>	\$ <u>16,975</u>	\$ <u>453,453</u>

General Assistance Fund	Tuberculosis Sanitarium Fund	Health Department Fund	Coroner's Fund	E-Citation Fund
\$ 24,707	\$ 73,830	\$ 311,176	\$	\$
		357,681		
		341,773		
				3,217
15,450	3,250	234,399	5,300	
111	16	1,963	16	8
<u>40,268</u>	<u>77,096</u>	<u>1,246,992</u>	<u>5,316</u>	<u>3,225</u>
102,930	112,581	1,232,270	1,109	9
	220	12,475		
<u>102,930</u>	<u>112,801</u>	<u>1,244,745</u>	<u>1,109</u>	<u>9</u>
(62,662)	(35,705)	2,247	4,207	3,216
	70,000			
(62,662)	34,295	2,247	4,207	3,216
<u>200,960</u>	<u>29,140</u>	<u>758,851</u>	<u>11,473</u>	<u>5,410</u>
\$ <u><u>138,298</u></u>	\$ <u><u>63,435</u></u>	\$ <u><u>761,098</u></u>	\$ <u><u>15,680</u></u>	\$ <u><u>8,626</u></u>



MORGAN COUNTY, ILLINOIS  
NON MAJOR GOVERNMENTAL FUNDS (CONTINUED)  
COMBINING STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
Year Ended August 31, 2013

	Vital Statistics Fund	Drug Fee Fund	Marriage Fund
REVENUE			
Taxes	\$	\$	\$
Intergovernmental:			
Federal			
State			
Local			
Licenses and Permits			470
Fines and Forfeits		1,991	
Revenue from Services	5,688		
Interest	3	20	7
Miscellaneous			
	<hr/>	<hr/>	<hr/>
Total Revenue	<u>5,691</u>	<u>2,011</u>	<u>477</u>
EXPENDITURES			
Current:			
General Government	7,158		1,412
Law and Judicial		923	
Health and Human Services			
Transportation			
Capital Outlay			
Debt Expense			
	<hr/>	<hr/>	<hr/>
Total Expenditures	<u>7,158</u>	<u>923</u>	<u>1,412</u>
Revenue Over (Under) Expenditures	(1,467)	1,088	(935)
OTHER FINANCING SOURCES (USES)			
Interfund Transfers			
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(1,467)	1,088	(935)
FUND BALANCE, BEGINNING	<u>4,395</u>	<u>19,549</u>	<u>9,059</u>
FUND BALANCE, ENDING	\$ <u><u>2,928</u></u>	\$ <u><u>20,637</u></u>	\$ <u><u>8,124</u></u>

Law Library Fund	Child Support Fund	Probation Office Fund	Court Automation Fund	Circuit Clerk Operating Fund	Drug Enforcement Fund
\$	\$	\$	\$	\$	\$
			2,305 1,188		
30,192	19,586	55,471	58,297	7,599	6,301
9	33	61	111	3	5
<u>30,201</u>	<u>19,619</u>	<u>55,532</u>	<u>61,901</u>	<u>7,602</u>	<u>6,306</u>
26,247	12,482	40,222	74,542	6,000	5,691
		6,927	4,273		
<u>26,247</u>	<u>12,482</u>	<u>47,149</u>	<u>78,815</u>	<u>6,000</u>	<u>5,691</u>
3,954	7,137	8,383	(16,914)	1,602	615
<u>10,000</u>					
13,954	7,137	8,383	(16,914)	1,602	615
<u>(2,540)</u>	<u>20,120</u>	<u>58,563</u>	<u>178,020</u>	<u>8,365</u>	<u>9,735</u>
\$ <u><u>11,414</u></u>	\$ <u><u>27,257</u></u>	\$ <u><u>66,946</u></u>	\$ <u><u>161,106</u></u>	\$ <u><u>9,967</u></u>	\$ <u><u>10,350</u></u>

MORGAN COUNTY, ILLINOIS  
NON MAJOR GOVERNMENTAL FUNDS (CONTINUED)  
COMBINING STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
Year Ended August 31, 2013

	Court Document Storage Fund	911 Fee Fund	Police Vehicle Fund
REVENUE			
Taxes	\$	\$ 325,128	\$
Intergovernmental:			
Federal			
State			
Local			
Licenses and Permits			
Fines and Forfeits	58,156		2,179
Revenue from Services			
Interest	79	6,032	
Miscellaneous			
	<hr/>	<hr/>	<hr/>
Total Revenue	<u>58,235</u>	<u>331,160</u>	<u>2,179</u>
EXPENDITURES			
Current:			
General Government			
Law and Judicial	72,770		
Health and Human Services		359,130	
Transportation			
Capital Outlay			
Debt Expense			
	<hr/>	<hr/>	<hr/>
Total Expenditures	<u>72,770</u>	<u>359,130</u>	<u>-</u>
Revenue Over (Under) Expenditures	(14,535)	(27,970)	2,179
OTHER FINANCING SOURCES (USES)			
Interfund Transfers			
	<hr/>	<hr/>	<hr/>
Net change in fund balances	(14,535)	(27,970)	2,179
FUND BALANCE, BEGINNING	<u>132,740</u>	<u>1,019,240</u>	<u>7,040</u>
FUND BALANCE, ENDING	\$ <u><u>118,205</u></u>	\$ <u><u>991,270</u></u>	\$ <u><u>9,219</u></u>

Title IV-D (KIDS) Fund	Highway Fund	Bridge Construction and Repair Fund	Marnico Special Service Fund	Motor Fuel Tax Fund
\$	\$	\$	\$	\$
7,737	661,925	242,108	2,547	
1,890				791,758
	177,314			
6	505	73	17	632
	19,661			
<u>9,633</u>	<u>859,405</u>	<u>242,181</u>	<u>2,564</u>	<u>792,390</u>
12,948				
	792,302		900	684,306
	17,829	68,632		
	26,876			
<u>12,948</u>	<u>837,007</u>	<u>68,632</u>	<u>900</u>	<u>684,306</u>
(3,315)	22,398	173,549	1,664	108,084
(3,315)	22,398	173,549	1,664	108,084
8,043	922,787	449,913	14,707	811,772
<u>\$ 4,728</u>	<u>\$ 945,185</u>	<u>\$ 623,462</u>	<u>\$ 16,371</u>	<u>\$ 919,856</u>

MORGAN COUNTY, ILLINOIS  
NON MAJOR GOVERNMENTAL FUNDS (CONTINUED)  
COMBINING STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
Year Ended August 31, 2013

	Corporate and Miscel- laneous Grant Programs	CSBG Programs	LIHEAP Fund
REVENUE			
Taxes	\$	\$	\$
Intergovernmental:			
Federal	71,142	141,119	1,003,472
State	41,902		343,398
Local			
Licenses and Permits			
Fines and Forfeits			
Revenue from Services			
Interest	46	(5)	
Miscellaneous	20,342		
	<u>133,432</u>	<u>141,114</u>	<u>1,346,870</u>
Total Revenue			
EXPENDITURES			
Current:			
General Government			
Law and Judicial			
Health and Human Services	127,847	141,114	1,347,210
Transportation			
Capital Outlay			
Debt Expense			
	<u>127,847</u>	<u>141,114</u>	<u>1,347,210</u>
Total Expenditures			
Revenue Over (Under) Expenditures	5,585	-	(340)
OTHER FINANCING SOURCES (USES)			
Interfund Transfers			
	<u>5,585</u>	<u>-</u>	<u>(340)</u>
Net change in fund balances			
	<u>77,666</u>	<u>-</u>	<u>2,264</u>
FUND BALANCE, BEGINNING			
FUND BALANCE, ENDING	\$ <u>83,251</u>	\$ <u>-</u>	\$ <u>1,924</u>

Regional Planning Commission Fund	GIS Fund	County Clerk GIS Fund	State's Attorney Law Enforcement Fund	<b>Capital Projects Fund</b>
\$	\$	\$	\$	\$
75,100 4	106,071 113 967	6,797 7	817	214 500
<u>75,104</u>	<u>107,151</u>	<u>6,804</u>	<u>817</u>	<u>714</u>
79,013	128,870	4,000		
	689	457		
<u>79,013</u>	<u>129,559</u>	<u>4,457</u>	<u>-</u>	<u>-</u>
(3,909)	(22,408)	2,347	817	714
				100,000
(3,909)	(22,408)	2,347	817	100,714
<u>(26,344)</u>	<u>116,786</u>	<u>10,404</u>	<u>2,860</u>	<u>414,044</u>
\$ <u><u>(30,253)</u></u>	\$ <u><u>94,378</u></u>	\$ <u><u>12,751</u></u>	\$ <u><u>3,677</u></u>	\$ <u><u>514,758</u></u>

MORGAN COUNTY, ILLINOIS

ALL AGENCY FUNDS  
COMBINING BALANCE SHEET

August 31, 2013

	Total	Tax Collector's Fund	Road District Motor Fuel Tax Allotment Fund	Inheritance Tax Fund	
ASSETS					
Cash	\$ 13,112,246	\$ 11,972,735	\$ 502,336	\$ 0	\$
Intergovernmental Receivables:					
Motor Fuel Tax	<u>91,170</u>	<u></u>	<u>91,170</u>	<u></u>	
Total Assets	\$ <u>13,203,416</u>	\$ <u>11,972,735</u>	\$ <u>593,506</u>	\$ <u>0</u>	\$
LIABILITIES					
Intergovernmental Payables:					
Accounts Payable	\$ 274,848	\$	\$ 274,848	\$	\$
Funds Available for Distribution	<u>12,928,568</u>	<u>11,972,735</u>	<u>318,658</u>	<u>0</u>	
Total Liabilities	<u>13,203,416</u>	<u>11,972,735</u>	<u>593,506</u>	<u>0</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
39,290	\$	306,464	\$	204,321	\$	10,372	\$	0
<u>39,290</u>		<u>306,464</u>		<u>204,321</u>		<u>10,372</u>		<u>0</u>
	\$		\$		\$		\$	
<u>39,290</u>		<u>306,464</u>		<u>204,321</u>		<u>10,372</u>		<u>0</u>
<u>39,290</u>		<u>306,464</u>		<u>204,321</u>		<u>10,372</u>		<u>0</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, 2013

	Trustee Fund	Sheriff Bond Fund	MCS Revolving Loan Fund	Health Benefit Fund
<b>ASSETS</b>				
Cash	\$ 3,925	\$ 1,751	\$ 22,843	\$ 48,209
Intergovernmental Receivables: Motor Fuel Tax	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 3,925</u>	<u>\$ 1,751</u>	<u>\$ 22,843</u>	<u>\$ 48,209</u>
<b>LIABILITIES</b>				
Intergovernmental Payables: Accounts Payable	\$	\$	\$	\$
Funds Available for Distribution	<u>3,925</u>	<u>1,751</u>	<u>22,843</u>	<u>48,209</u>
Total Liabilities	<u>3,925</u>	<u>1,751</u>	<u>22,843</u>	<u>48,209</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, 2013

	Funds Available For Distribution Beginning Of Year	Receipts	Disbursements	Funds Available For Distribution End Of Year
Tax Collector's Fund	\$ 11,908,164	\$ 41,629,205	\$ 41,564,634	\$ 11,972,735
Road District Motor Fuel				
Tax Allotment Fund	227,243	1,192,302	1,100,887	318,658
Inheritance Tax Fund	383	0	383	0
Trust Fund	36,508	10,042	7,260	39,290
Circuit Clerk Bond Fund	217,178	1,606,535	1,517,249	306,464
Tax Sale Indemnity Fund	194,220	10,101	0	204,321
Road District Bridge Fund	16,269	1	5,898	10,372
Trustee Escrow Fund	3,771	67,520	71,291	0
Trustee Fund	3,685	1,317	1,077	3,925
Sheriff Bond Fund	1,029	121,969	121,247	1,751
MCS Revolving Loan Fund	27,517	15	4,689	22,843
Health Benefit Fund	19,002	1,067,877	1,038,670	48,209
	<u>\$ 12,654,969</u>	<u>\$ 45,706,884</u>	<u>\$ 45,433,285</u>	<u>\$ 12,928,568</u>

## SCHEDULE OF EQUALIZED ASSESSED VALUATIONS AND TAX EXTENSIONS

August 31, 2013

	2012	2011	2010
<b>EQUALIZED ASSESSED VALUATIONS</b>			
Residential	\$ 273,357,954	\$ 272,296,429	\$ 274,577,406
Farm	109,143,634	102,348,323	96,930,986
Commercial	85,026,048	85,840,783	85,987,338
Industrial	34,801,694	35,372,302	35,172,638
Railroads	<u>8,175,473</u>	<u>7,905,698</u>	<u>7,407,753</u>
Total Equalized Assessed Valuations	<u>\$ 510,504,803</u>	<u>\$ 503,763,535</u>	<u>\$ 500,076,121</u>
<b>TAX EXTENSIONS</b>			
County Totals	\$ 5,315,323	\$ 5,129,220	\$ 4,998,030
School Districts	24,436,741	23,562,801	22,638,838
Junior College Districts	2,356,331	2,311,830	2,287,831
Cities and Villages	5,724,826	6,010,922	5,343,443
Road Districts	2,030,242	1,971,694	1,923,291
Airport Authority	138,175	133,502	130,027
Fire Protection Districts	238,735	229,964	163,153
Tax Increment Financing Districts	512,511	495,362	497,355
Special Districts	76,824	77,740	78,518
Library Districts	<u>69,190</u>	<u>67,763</u>	<u>66,185</u>
Total Tax Extensions	<u>\$ 40,898,898</u>	<u>\$ 39,990,798</u>	<u>\$ 38,126,671</u>

## MORGAN COUNTY, ILLINOIS

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

August 31, 2013

	2012	2011	2010
TAX LEVIES			
General	\$ 3,660,679	\$ 3,535,186	\$ 2,300,000
Illinois Municipal Retirement	-	-	690,000
Highway	670,000	682,767	720,000
Bridge	245,000	250,000	235,000
Aid Matching	230,000	233,192	220,000
Health	315,000	315,000	315,000
Extension Education	165,000	167,898	185,000
General Assistance	25,000	23,319	15,000
Tuberculosis	75,000	46,638	15,000
Social Security	-	-	400,000
	<u>-</u>	<u>-</u>	<u>400,000</u>
Total	\$ <u>5,385,679</u>	\$ <u>5,254,000</u>	\$ <u>5,095,000</u>

TAX RATES		MAX		
General	As Needed	0.70763	0.68506	0.44983
Illinois Municipal Retirement	As Needed	-	-	0.13799
Highway	0.20000	0.12954	0.13232	0.14081
Bridge	0.25000	0.04738	0.04846	0.04595
Aid Matching	0.05000	0.04447	0.04519	0.04302
Health	0.10000	0.06091	0.06105	0.06160
Extension Education	0.05000	0.03191	0.03254	0.03618
General Assistance	0.10000	0.00484	0.00452	0.00293
Tuberculosis	0.07500	0.01451	0.00904	0.00293
Social Security	As Needed	-	-	0.07823
		<u>-</u>	<u>-</u>	<u>0.07823</u>
Total		<u>1.04119</u>	<u>1.01818</u>	<u>0.99947</u>

	2012	2011	2010
TAX EXTENSIONS			
General	\$ 3,612,485	\$ 3,451,082	\$ 2,249,456
Illinois Municipal Retirement	-	-	690,044
Highway	661,308	666,580	704,146
Bridge	241,877	244,124	229,781
Aid Matching	227,021	227,651	215,129
Health	310,948	307,548	308,042
Extension Education	162,902	163,925	180,925
General Assistance	24,708	22,770	14,652
Tuberculosis	74,074	45,540	14,652
Social Security	-	-	391,203
Total	\$ <u>5,315,323</u>	\$ <u>5,129,220</u>	\$ <u>4,998,030</u>

#### TAX COLLECTIONS

General	\$ 1,514,235	\$ 3,454,013	\$ 2,249,703
Illinois Municipal Retirement	-	-	690,120
Highway	292,475	667,144	704,226
Bridge	107,115	244,333	229,805
Aid Matching	99,886	227,843	215,154
Health	134,943	307,809	308,078
Extension Education	71,925	164,064	180,944
General Assistance	9,990	22,788	14,656
Tuberculosis	19,983	45,581	14,656
Social Security	-	-	391,244
Total	\$ <u>2,250,552</u>	\$ <u>5,133,575</u>	\$ <u>4,998,586</u>

EQUALIZED ASSESSED VALUATIONS	\$ <u>510,504,803</u>	\$ <u>503,763,535</u>	\$ <u>500,076,121</u>
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MORGAN COUNTY, ILLINOIS  
FEDERAL SINGLE AUDIT REPORT  
For the Year Ended August 31, 2013

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**ILLINOIS SOCIETY OF CPA**

**AMERICAN INSTITUTE OF CPA**

## **INDEPENDENT AUDITORS' 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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Morgan County, Illinois, as of and for the year ended August 31, 2013, and the related notes to the financial statements, which collectively comprise Morgan County, Illinois' basic financial statements, and have issued our report thereon dated January 31, 2014.

### **Internal Control Over Financial Reporting**

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



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

### **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*.

### **Purpose of this Report**

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

Jacksonville, IL  
January 31, 2014

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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

## **Report on Compliance for Each Major Federal Program**

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, 2013. Morgan County, Illinois' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Morgan County, Illinois' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Morgan County, Illinois' compliance.

## ***Opinion on Each Major Federal Program***

In our opinion, Morgan County, Illinois, complied, in all material respects, with the types of 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, 2013.

## **Report on Internal Control Over Compliance**

Management of Morgan County, Illinois, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Morgan County, Illinois' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Jacksonville, IL  
January 31, 2014

MORGAN COUNTY, ILLINOIS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended August 31, 2013

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 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, 2013

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-2013	14.235	IL0346B5T191104
Permanent Supportive Housing Program	14.235	IL0476B5T191000

**Total CFDA 14.235**

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT PASSED THROUGH ILLINOIS DEPARTMENT OF COMMERCE AND ECONOMIC OPPORTUNITY		
Emergency Solutions Grant Program - 2011	14.231	11-272036
Emergency Solutions Grant Program - 2012	14.231	12-272097

**Total CFDA 14.231**

**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	81.042	10-404037
DOE	81.042	14-401037

**Total CFDA 81.042**

**TOTAL U.S. DEPARTMENT OF ENERGY**

U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH ILLINOIS DEPARTMENT OF HUMAN SERVICES		
WIC Admin	10.557	FCSRE01068
WIC Admin	10.557	FCSSQ01268
WIC Supplemental Nutrition	10.557	FCSRE01068

**Total CFDA 10.557 \*\*\***

WIC Farmers Market Nutrition Prog.	10.572	FCSSQ01268
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**Total CFDA 10.572**

**TOTAL U.S. DEPARTMENT OF AGRICULTURE**

Revenue Recognized	Expenditures
\$ 42,511	\$ 42,511
13,707	13,707
<u>56,218</u>	<u>56,218</u>
\$ 13,004	\$ 13,004
1,920	1,920
<u>14,924</u>	<u>14,924</u>
\$ <u><u>71,142</u></u>	\$ <u><u>71,142</u></u>
88,593	88,593
\$ 5,064	\$ 5,064
<u>93,657</u>	<u>93,657</u>
\$ <u><u>93,657</u></u>	\$ <u><u>93,657</u></u>
\$ 86,331	\$ 86,331
30,412	30,412
362,186	362,186
<u>478,929</u>	<u>478,929</u>
\$ 1,000	\$ 1,000
<u>1,000</u>	<u>1,000</u>
\$ <u><u>479,929</u></u>	\$ <u><u>479,929</u></u>

MORGAN COUNTY, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Year Ended August 31, 2013

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	Federal CFDA Number	Pass-Through Grantors Numbers
U.S. ELECTION ASSISTANCE COMMISSION PASSED THROUGH ILLINOIS STATE BOARD OF ELECTIONS Help America Vote Act-Phase III	90.401	2012

**Total CFDA 90.401**

**TOTAL U.S. ELECTION ASSISTANCE COMMISSION**

U.S. DEPARTMENT OF HOMELAND SECURITY PASSED THROUGH ILLINOIS EMERGENCY MANAGEMENT AGENCY Emergency Management Performance Grant	97.042	497-58830-4400
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**Total CFDA 97.042**

**TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY**

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	12-224037
Low Income Home Energy Assistance-LIHEAP	93.568	13-224037
Low Income Home Energy Assistance-IHWAP	93.568	13-221037
Low Income Home Energy Assistance-IHWAP	93.568	14-221037

**Total CFDA 93.568 \*\*\***

Community Services Block Grant-EHP	93.569	12-231037
Community Services Block Grant-EHP	93.569	13-231037

**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	2011-55-007-K31
Child Support Enforcement Program	93.563	2014-55-007-KL

**Total CFDA 93.563**

Medical Assistance Program-Medicaid	93.778
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**Total CFDA 93.778**

Revenue Recognized	Expenditures
\$ <u>17,630</u>	\$ <u>17,630</u>
<u>17,630</u>	<u>17,630</u>
\$ <u><b>17,630</b></u>	\$ <u><b>17,630</b></u>
\$ <u>23,903</u>	\$ <u>23,903</u>
<u>23,903</u>	<u>23,903</u>
\$ <u><b>23,903</b></u>	\$ <u><b>23,903</b></u>
\$ 967,571	\$ 967,571
35,901	35,901
138,628	138,628
<u>8,474</u>	<u>8,474</u>
<u><b>1,150,574</b></u>	<u><b>1,150,574</b></u>
\$ 82,761	\$ 82,761
<u>58,358</u>	<u>58,358</u>
<u><b>141,119</b></u>	<u><b>141,119</b></u>
\$ 7,737	\$ 7,737
<u>2,305</u>	<u>2,305</u>
<u><b>10,042</b></u>	<u><b>10,042</b></u>
\$ <u>90,360</u>	\$ <u>90,360</u>
<u><b>90,360</b></u>	<u><b>90,360</b></u>



MORGAN COUNTY, ILLINOIS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Year Ended August 31, 2013

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 PUBLIC HEALTH Family Planning Services-Title X	93.217	46080075B
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH ILLINOIS DEPARTMENT OF HUMAN SERVICES Family Planning Services-Title X	93.217	FCSRE01274
<b>Total CFDA 93.217</b>		
Social Services Block Grant-Family Planning	93.667	FCSRE01274
Social Services Block Grant-Family Case Mgt	93.667	FCSRE01587
<b>Total CFDA 93.667</b>		
Maternal and Child H. S. Block Gr -Teen Preg Prev	93.994	FCSRE00758
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH ILLINOIS DEPARTMENT OF PUBLIC HEALTH Maternal and Child H. S. Block Gr -Teen Preg Prev	93.994	46080152B
<b>Total CFDA 93.994</b>		
Bioterrorism	93.069	37180066A
Bioterrorism	93.069	47180066B
<b>Total CFDA 93.069</b>		
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		

**TOTAL FEDERAL AWARDS**

\*\*\* Indicates Major Program

Revenue Recognized	Expenditures
\$ 12,712	\$ 12,712
<u>18,737</u>	<u>18,737</u>
<b><u>31,449</u></b>	<b><u>31,449</u></b>
\$ 28,827	\$ 28,827
<u>2,000</u>	<u>2,000</u>
<b><u>30,827</u></b>	<b><u>30,827</u></b>
\$ 34,029	\$ 34,029
<u>3,483</u>	<u>3,483</u>
<b><u>37,512</u></b>	<b><u>37,512</u></b>
\$ 43,967	\$ 43,967
<u>5,823</u>	<u>5,823</u>
<b><u>49,790</u></b>	<b><u>49,790</u></b>
<b><u><u>\$ 1,541,673</u></u></b>	<b><u><u>\$ 1,541,673</u></u></b>
<b><u><u>\$ 2,227,934</u></u></b>	<b><u><u>\$ 2,227,934</u></u></b>

# MORGAN COUNTY, ILLINOIS

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended August 31, 2013

### **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 \$362,186. 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	\$	1,865,748
Non-Cash Assistance Not Included in Financial Statements		<u>362,186</u>
Federal Revenues Per Schedule of Expenditures of Federal Awards	\$	<u><u>2,227,934</u></u>

### **Note 4 – Payments to Sub-recipients**

Of the \$23,903 Emergency Preparedness Grant that was received, \$17,747 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

Year Ended August 31, 2013

**Note 5 – Federal Insurance**

Morgan County, Illinois had no Federal insurance in effect during the year ended August 31, 2013.

**Note 6 – Federal Loans/Loan Guarantees**

Morgan County, Illinois had no Federal loans or Federal loan guarantees outstanding as of August 31, 2013.