



MORGAN COUNTY, COLORADO

Comprehensive Annual Financial Report

For the fiscal year ended December 31, 2008

(This page intentionally left blank.)



MORGAN COUNTY, COLORADO
Comprehensive Annual Financial Report
For the fiscal year ended December 31, 2008

Board of County Commissioners

Tony Carlson, Chairman
Jon Becker
Kenneth (Andy) Anderson

Director of Finance

Michelle Covelli

Director of Information Systems

Karol Kopetzky

Information Systems Specialist

Vicki Jump

Accounting Manager

Marianne Oskarson

Accounting Specialists

Lori Crispin
MJ Rhoades
Marylyn Riddle

Technicians

Becky Snyder
Chris Wiges

Prepared by:
Finance and Information Systems Departments



INTRODUCTORY SECTION

(This page intentionally left blank.)

MORGAN COUNTY, COLORADO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2008

TABLE OF CONTENTS

INTRODUCTORY SECTION	<u>Page No.</u>
Letter of Transmittal.....	1 – 5
GFOA Certificate of Achievement.....	7
Organizational Chart.....	8
List of Principal Officials.....	9
 FINANCIAL SECTION	
Independent Auditor's Report.....	11 – 12
Management's Discussion and Analysis	13 – 22
 Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets.....	25
Statement of Activities.....	26 – 27
 Governmental Funds Financial Statements:	
Balance Sheet.....	28 – 29
Reconciliation of the Balance Sheet to the Statement of Net Assets.....	30
Statement of Revenues, Expenditures and Changes in Fund Balances.....	32 – 33
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	34
 Proprietary Funds Financial Statements:	
Statement of Net Assets.....	35
Statement of Revenues, Expenses and Changes in Net Assets.....	36
Statement of Cash Flows	37
 Fiduciary Fund Financial Statements:	
Statement of Fiduciary Net Assets	38
 Notes to the Financial Statements	 39 – 65

Required Supplementary Information Other Than MD&A:

Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:

Major Funds:

General Fund.....	70 – 72
Road and Bridge Fund	73
Social Services Fund	74
Notes to the Required Supplementary Information	75

Supplemental Information:

Combining Statements of Non-major Governmental Funds:

Combining Balance Sheet.....	78 – 79
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	80 – 81

Comparative Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:

Special Revenue Funds:

Emergency Reserve Fund	82
911 Emergency Telephone Fund	83
Lodging Tax Tourism Fund.....	84
Conservation Trust Fund	85
Sheriff's Confiscation/Seizure Fund	86

Capital Improvement Funds:

Jail Capital Improvement Fund	87
-------------------------------------	----

Debt Service Funds:

Morgan County Building Authority – Certificate Fund	88
---	----

Enterprise Funds:

Comparative Schedules of Revenues, Expenses and Changes in Fund Net Assets - Budget and Actual:

Ambulance Service Fund	90
Solid Waste Management Fund	91

Internal Service Fund:

Comparative Statements of Net Assets	94
Comparative Schedules of Revenues, Expenses and Changes in Fund Net Assets	95

	<u>Page No.</u>
Fiduciary Funds:	
Combining Statement of Changes in Assets and Liabilities – Agency Funds	98
County Treasurer	99
County Clerk	100
County Sheriff	101
Public Trustee	102

Supplemental Schedules:	
Local Highway Finance Report	104 – 105
Schedule of Federal Financial Assistance Reconciliation	106 – 107

STATISTICAL SECTION

Net Assets by Component	110 – 111
Changes in Net Assets	112 – 115
Fund Balance, Governmental Funds	116 – 117
Changes in Fund Balances of Governmental Funds	118 – 119
Program Revenues by Function/Program	120 – 121
Tax Revenues by Source, Governmental Funds	123
Assessed Value and Estimated Value of Taxable Property	124 – 125
Direct and Overlapping Property Tax Rates	126 – 127
Principal Property Tax Payers	128
Property Tax Levies and Collections	129
Ratios of Outstanding Debt by Type	130
Direct and Overlapping Governmental Activities Debt	131
Legal Debt Margin Information	132
Demographic and Economic Statistics	133
Principal Private Employers	134
Full-Time Equivalent County Government Employees by Function/Program	136 – 137
Operating Indicators by Function/Program	138 – 139
Capital Asset Statistics by Function/Program	140 – 141

SINGLE AUDIT SECTION

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	143 – 144
Independent Auditor's Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	145 – 146
Schedule of Expenditures of Federal Awards	147
Notes to the Schedule of Expenditures of Federal Awards	148
Schedule of Findings and Questioned Costs	149 – 150





MORGAN COUNTY ADMINISTRATION

June 30, 2009

To the Citizens of Morgan County, Colorado:

State law requires that every government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for Morgan County Government for the fiscal year ended December 31, 2008.

The County's Annual Financial Report was prepared by the Department of Accounting and Finance for Morgan County Government. The responsibility for both the accuracies of the data, and the completeness and the fairness of the presentation, including all disclosures, rests with the County. Morgan County has established a comprehensive internal control framework that is designed to both protect the County's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in accordance with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, Morgan County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, the enclosed data is accurate in all material respects. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

State statutes require an annual audit by independent certified public accountants. The accounting firm of Bondi and Company, CPA's, was selected to perform the 2008 audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the federal Single Audit Act Amendments of 1996 and related OMB Circular A-133. Information related to this single audit, including the schedule of federal financial assistance and auditor's reports on the internal control and compliance with applicable laws and regulations, is included in the single audit section. Bondi and Company, CPA's have issued an unqualified ("clean") opinion on Morgan County Government's financial statements for the year ended December 31, 2008. The independent auditor's report on the basic financial statements is located at the front of the financial section of this report. Management's discussion and analysis (MD&A) immediately follows the independent auditors report and provides a narrative introduction overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

This report includes activities for which the Board of County Commissioners is accountable to the citizens of Morgan County, financially, or by state statute. All applicable funds, departments, and

offices are included in these financial statements as part of the primary government of Morgan County as well as its component units. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the Morgan County Building Authority is reported in the financial statements of the primary government. The Building Authority was created for the purpose of constructing major building projects. Morgan County benefits from these projects by entering into lease-purchase agreements with the Authority. The County pays annual base rental payments to the trustee according to the lease agreement.

Morgan County Government offers a full range of services. These services include police protection; social services, public health and ambulance services; solid waste management services; maintenance and construction of roadways, bridges, bike paths, trails and infrastructure to support these activities; recreational and cultural facilities and events; 911 emergency telephone and other public safety telephone services; and land use planning services.

PROFILE OF MORGAN COUNTY

Morgan County is located on the High Plains of Northeastern Colorado, well-situated on Interstate Highway 76 and U.S. Highway 34. The County is only 79 miles from Metro Denver and major U.S. trade corridors. The Denver International Airport is within an hour's drive. The population of Morgan County is 27,961. Morgan County encompasses five incorporated cities and towns as well as a large unincorporated area. The largest city is Fort Morgan with a population of 11,034. Morgan County offers several community and recreational facilities. Jackson Lake is a popular recreational area in Morgan County that attracts weekend visitors as well as year-round residents wanting to retire to a rural area. The area offers fishing and boating while the climate allows year-round residence. Some of the finest hunting in North America is found in the area, including pheasant, turkey, grouse, quail, geese, duck, deer, and antelope. Morgan County has moderate summers, crisp falls, cool winters, and warm springs. There are 330 days of sunshine annually, 12.7 inches annual precipitation, and 22 inches average snowfall.

COUNTY GOVERNMENT

The County is governed by a three-member Board of County Commissioners. Commissioners are elected from districts of relatively equal population by the voters at large. They serve staggered four-year terms and function as the County's policymaking body. The County is also served by seven other elected officials: assessor, clerk and recorder, coroner, district attorney, sheriff, treasurer, and surveyor.

The County Commissioners annually adopt budgets by department for all funds except the agency funds. The annual budget is approved and appropriated by fund. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is

established at the department level. Each department within a fund may not legally exceed the approved budget for that department without prior approval of the County Commissioners. Supplemental appropriations can be approved by the Board of County Commissioners if needed during the year to provide for those items that were unknown or unforeseen at the time the budget was originally adopted.

Morgan County Government employs 272 regular full-time staff and 20-30 part-time or seasonal employees. Full-time employees receive a comprehensive compensation package typical of county governments. Benefits include paid leave, medical insurance plans and a defined contribution retirement plan.

FACTORS AFFECTING FINANCIAL CONDITIONS

In 2008, the County assessed value certified by the County Assessor increased 1%. While the assessed value increased, the local economy actually declined in 2008. Morgan County relies heavily on the agriculture industry. Drought and the water crisis have affected County farmers and the supporting businesses. The County is looking at ways to address the current water crisis as well as attract other industries to the County. Morgan County is ranked third among Colorado counties for value of crops and livestock produced. The major crops grown in the County include corn, sugar beets, hay, silage, wheat, potatoes, onions, pinto beans, alfalfa, barley, nursery and greenhouse crops, turf and sunflowers. The dairy and beef industry also have a large presence in the County. The County's major private employer is Cargill Meat Solutions Corporation. They employ 1,860 and continue to expand their operations. The unemployment rate in Morgan County in 2008 was 5.9%. This is considerably higher than the 2007 rate of 4.4%. Morgan County's unemployment rate of 5.9% is lower than the state rate of 7.3%. Morgan County's location near the Front Range allows easy access to the opportunities of the big cities while maintaining the benefits of a rural lifestyle. The County prides itself on maintaining tradition while looking to the future.

COUNTY FACILITIES PLANNING

Facilities planning and maintenance continue to be a major area of emphasis for the County. The County is in the process of reviewing the capital improvement plan. The County's biggest concern is addressing the increasing demands on the County's Jail/Judicial Building Complex. A continuing increase in the inmate population in the jail has created overcrowding in the current facility. This is of great concern. In order to address the situation, the County is looking at plans to expand and update the current Jail/Judicial Complex. The current complex was built in 1985. In addition to the County jail the Complex houses the County's courts and probation office, the County Communications Center, and the Sheriff's department.

RISK MANAGEMENT

During 2008, the County belonged to separate multiple county risk pools for coverage of workman's compensation, casualty and property losses, and employee health and life insurance. The County continues to work with the Colorado Counties Technical Services on safety issues. The County offers continuing training on safety issues, employment laws, and many other areas important to maintaining a safe environment. Safety inspections are done frequently to minimize injuries to employees as well as the public and damage to County property.

CASH MANAGEMENT

Cash temporarily idle during the year was invested in demand deposits, certificates of deposit, U.S. Treasury Notes, obligations of U.S. agencies and pooled funds established for Colorado units of local government. The County's investment policy is set by the Board of County Commissioners and carried out by the Treasurer. The policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized. All cash deposits in excess of federal depository insurance are collateralized by investments held by the financial institutions, as covered by the Public Deposit Protection Act.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Morgan County for its comprehensive annual financial report for the fiscal year ended December 31, 2007. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Morgan County Government has received a Certificate of Achievement for the last fourteen consecutive years (fiscal years ended 1993-2007.) We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the Finance and Accounting department and Information Systems department. Each member of the departments has our sincere appreciation for the contributions made in the preparation of this report. These people work together as a highly effective team to promote the excellence we strive for. Appreciation is also expressed to the Board of County Commissioners who establishes the policies which provide for sound financial management and to all the other elected officials, department heads, and County employees for their cooperation in matters pertaining to the financial affairs of the County.

Respectfully submitted,

A handwritten signature in cursive script that reads "Michelle R. Covelli".

Michelle R. Covelli
Director of Finance and Accounting



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Morgan County Colorado

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

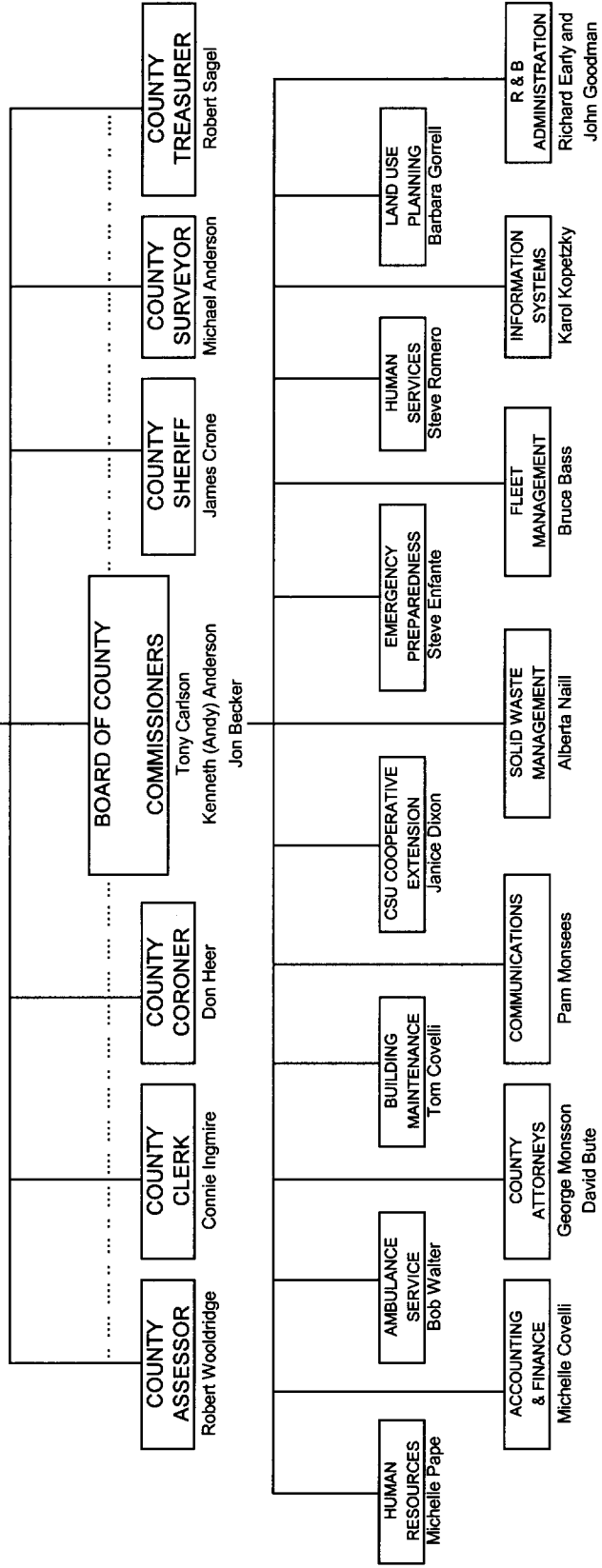
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

CITIZENS OF MORGAN COUNTY



**MORGAN COUNTY, COLORADO
ORGANIZATION CHART**

MORGAN COUNTY, COLORADO

List of Principal Officials

December 31, 2008

TITLE

NAME

ELECTED

Chairman, Board of County Commissioners	Tony Carlson
Commissioner	Jon Becker
Commissioner	Kenneth (Andy) Anderson
Assessor	Robert L. Wooldridge
Clerk & Recorder	Connie Ingmire
Coroner	Don Heer
Sheriff	James Crone
Surveyor	Michael Anderson
Treasurer	Robert Sagel

APPOINTED

Accounting & Finance Director	Michelle R. Covelli
Accounting Manager	Marianne Oskarson
Ambulance Manager	Bob Walter
Attorney	George N. Monsson
Director of Communications	Pam Monsees
Director of Extension	Janice Dixon
Director of Human Resources	Michelle Pape
Director of Human Services	Steve Romero
Emergency Operations Coordinator	Steve Enfante
Fleet Department Manager	Bruce Bass
Information Systems Manager	Karol L. Kopetzky
Manager of Bridge Construction	Richard Early
Manager of Building Operations	Thomas W. Covelli
Manager of Environment	Alberta Naill
Manager of Road Construction	John Goodman
Planning & Zoning Administrator	Barbara Gorrell
Veterans Officer	George Gray

