



**PERRY**

**& Associates CPAs**

**PASSION** *Beyond the Numbers*

**MORGAN COUNTY**

**SINGLE AUDIT  
FOR THE YEAR ENDED DECEMBER 31, 2020**



OHIO AUDITOR OF STATE  
KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
IPAReport@ohioauditor.gov  
(800) 282-0370

Board of County Commissioners  
Morgan County  
155 East Main Street, Room 217  
McConnelsville, Ohio 43756

We have reviewed the *Independent Auditor's Report* of Morgan County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2020 through December 31, 2020. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Morgan County is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

August 18, 2023

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MORGAN COUNTY, OHIO

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**MORGAN COUNTY, OHIO**

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## INDEPENDENT AUDITOR'S REPORT

Morgan County  
155 East Main Street  
McConnelsville, OH 43756

To the Board of Commissioners:

### ***Report on the Financial Statements***

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Morgan County**, Ohio (the County), as of and for the year ended December 31, 2020, 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 preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

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

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund and the aggregate remaining fund information of Morgan County, Ohio, as of December 31, 2020, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Job and Family Services, Motor Vehicle and Gasoline Tax, and Board of Developmental Disabilities Funds thereof for the year then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

Ohio Administrative Code Section 117-2-03(B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements. The financial statements are prepared on the cash basis of accounting, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

**Emphasis of Matters**

As discussed in Note 3 to the financial statements, during 2020, the County adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. In addition, as discussed in Note 22 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the County. We did not modify our opinion regarding these matters.

**Other Matters**

*Supplementary Information*

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The Schedule is management's responsibility and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the Schedule to the auditing procedures, including comparing and reconciling this Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2023, on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

May 25, 2023



**Morgan County, Ohio**  
*Statement of Net Position - Cash Basis*  
*December 31, 2020*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Investments	\$ 10,919,962
Cash and Cash Equivalents in Segregated Accounts	143,902
Cash and Cash Equivalents with Fiscal Agents	41,541
<i>Total Assets</i>	11,105,405
 <b>Liabilities</b>	
 <b>Net Position</b>	
Restricted for:	
Job and Family Services	448,402
Motor Vehicle and Gas Tax	2,164,281
Board of Developmental Disabilities	2,035,504
Emergency Services	425,548
Real Estate Assessments	415,869
Economic Development	648,819
Senior Citizen Services	190,685
Child Support Enforcement	320,841
Childrens Services	628,226
County Court Special Projects	334,783
Court	563,367
Corrections	355,727
Dog and Kennel	45,458
Public Works	115,781
Public Safety	329,283
Marriage License	237
Board of Elections	38,987
Unclaimed Monies	104,411
Unrestricted	1,939,196
<i>Total Net Position</i>	\$ 11,105,405

See accompanying notes to the basic financial statements.

**Morgan County, Ohio**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2020*

	Program Receipts				Net (Disbursement) Receipts and Changes in Net Position
	Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
General Government					
Legislative and Executive	\$ 1,797,445	\$ 1,284,347	\$ 981,184	\$ -	\$ 468,086
Judicial	1,357,782	150,704	70,133	-	(1,136,945)
Public Safety	2,611,933	263,121	297,506	-	(2,051,306)
Public Health	1,719,408	30,156	430,262	-	(1,258,990)
Human Services	5,169,446	107,281	4,877,813	-	(184,352)
Community and Economic Developme	2,061,324	74,832	1,853,032	-	(133,460)
Public Works	5,085,847	461,336	5,204,523	92,361	672,373
Debt Service					
Principal Retirement	325,600	-	-	-	(325,600)
Interest and Fiscal Charges	34,066	-	-	-	(34,066)
<i>Total</i>	<u>\$ 20,162,851</u>	<u>\$ 2,371,777</u>	<u>\$ 13,714,453</u>	<u>\$ 92,361</u>	<u>(3,984,260)</u>

**General Receipts**

Property Taxes Levied for:

General Purposes	1,105,461
Board of Development Disabilities	984,588
Senior Citizens Services	155,795
Children Services	166,541
Ambulance Services	1,110,291
Permissive Sales Taxes Levied for General Purposes	1,701,082
Grants and Entitlements not Restricted to Specific Programs	628,668
Payments in Lieu of Taxes	20,365
Other Local Taxes	50,060
Proceeds from Sale of Assets	45,005
Investment Earnings	169,878
Miscellaneous	198,865
<i>Total General Receipts</i>	<u>6,336,599</u>

*Change in Net Position* 2,352,339

*Net Position Beginning of Year (Restated, See Note 3)* 8,753,066

*Net Position End of Year* \$ 11,105,405

See accompanying notes to the basic financial statements.

**Morgan County, Ohio**  
*Statement of Cash Basis Assets and Fund Balance*  
*Governmental Funds*  
*December 31, 2020*

	General	Job and Family Services Fund	Motor Vehicle and Gasoline Tax Fund	Board of Developmental Disabilities Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$ 1,719,812	\$ 448,402	\$ 2,164,281	\$ 1,993,963	\$ 4,429,354	\$ 10,755,812
Cash and Cash Equivalents in Segregated Accounts	140,081	-	-	-	3,821	143,902
Cash and Cash Equivalents with Fiscal Agents	-	-	-	41,541	-	41,541
Restricted Assets	23,727	-	-	-	80,684	104,411
<i>Total Assets</i>	<u>\$ 1,883,620</u>	<u>\$ 448,402</u>	<u>\$ 2,164,281</u>	<u>\$ 2,035,504</u>	<u>\$ 4,513,859</u>	<u>\$ 11,045,666</u>
 <b>Fund Balances</b>						
Nonspendable	23,727	-	-	-	80,684	104,411
Restricted	-	448,402	2,164,281	2,035,504	4,413,611	9,061,798
Committed	-	-	-	-	19,564	19,564
Assigned	879,625	-	-	-	-	879,625
Unassigned	980,268	-	-	-	-	980,268
<i>Total Fund Balance</i>	<u>1,883,620</u>	<u>448,402</u>	<u>2,164,281</u>	<u>2,035,504</u>	<u>4,513,859</u>	<u>11,045,666</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 1,883,620</u>	<u>\$ 448,402</u>	<u>\$ 2,164,281</u>	<u>\$ 2,035,504</u>	<u>\$ 4,513,859</u>	<u>\$ 11,045,666</u>

See accompanying notes to the basic financial statements.

**Morgan County, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
Net Position - Cash Assets of Governmental Activities  
December 31, 2020*

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<b>Total Governmental Fund Balances</b>	\$ 11,045,666
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and net position of the internal service fund are included in governmental activities in the statement of net position.	
	<u>59,739</u>
<i>Net Position of Governmental Activities</i>	<u>\$ 11,105,405</u>

See accompanying notes to the basic financial statements.

**Morgan County, Ohio**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2020*

	General	Job and Family Services Fund	Motor Vehicle and Gasoline Tax Fund	Board of Developmental Disabilities Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Property Taxes	\$ 1,105,461	\$ -	\$ -	\$ 984,588	\$ 1,432,627	\$ 3,522,676
Sales Taxes	1,701,082	-	-	-	-	1,701,082
Other Local Taxes	-	-	-	-	50,060	50,060
Payments in Lieu of Taxes	9,522	-	-	-	10,843	20,365
Charges for Services	697,443	-	451,636	-	767,499	1,916,578
Licenses and Permits	600	-	-	-	67,386	67,986
Fines and Forfeitures	53,460	-	3,400	-	88,785	145,645
Intergovernmental	628,668	3,394,623	5,000,487	430,262	4,957,570	14,411,610
Investment Income	169,878	-	18,608	-	5,264	193,750
Rent	25,440	-	-	-	216,128	241,568
Miscellaneous	39,555	3,741	-	34,058	121,511	198,865
<i>Total Receipts</i>	<u>4,431,109</u>	<u>3,398,364</u>	<u>5,474,131</u>	<u>1,448,908</u>	<u>7,717,673</u>	<u>22,470,185</u>
<b>Disbursements</b>						
Current:						
General Government						
Legislative and Executive	1,330,898	-	-	-	465,481	1,796,379
Judicial	1,260,752	-	-	-	97,030	1,357,782
Public Safety	1,127,541	-	-	-	1,483,912	2,611,453
Public Health	23,573	-	-	961,749	734,086	1,719,408
Human Services	171,618	3,357,237	-	-	1,640,524	5,169,379
Community and Economic Development	-	-	-	-	2,003,487	2,003,487
Public Works	-	-	4,977,863	-	107,984	5,085,847
Debt Service:						
Principal Retirement	16,666	-	124,937	-	183,997	325,600
Interest and Fiscal Charges	2,875	-	4,421	-	26,770	34,066
<i>Total Disbursements</i>	<u>3,933,923</u>	<u>3,357,237</u>	<u>5,107,221</u>	<u>961,749</u>	<u>6,743,271</u>	<u>20,103,401</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>497,186</u>	<u>41,127</u>	<u>366,910</u>	<u>487,159</u>	<u>974,402</u>	<u>2,366,784</u>
<b>Other Financing Sources (Uses)</b>						
Proceeds from Sale of Assets	45,005	-	-	-	-	45,005
Advances In	1,360,798	-	-	-	1,180,787	2,541,585
Advances Out	(1,180,787)	-	-	-	(1,360,798)	(2,541,585)
Transfers In	-	38,015	-	-	5,000	43,015
Transfers Out	(43,015)	-	-	-	-	(43,015)
<i>Total Other Financing Sources (Uses)</i>	<u>182,001</u>	<u>38,015</u>	<u>-</u>	<u>-</u>	<u>(175,011)</u>	<u>45,005</u>
<i>Net Change in Fund Balances</i>	679,187	79,142	366,910	487,159	799,391	2,411,789
<i>Fund Balances Beginning of Year (Restated, See Note 3)</i>	<u>1,204,433</u>	<u>369,260</u>	<u>1,797,371</u>	<u>1,548,345</u>	<u>3,714,468</u>	<u>8,633,877</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,883,620</u>	<u>\$ 448,402</u>	<u>\$ 2,164,281</u>	<u>\$ 2,035,504</u>	<u>\$ 4,513,859</u>	<u>\$ 11,045,666</u>

See accompanying notes to the basic financial statements.

**Morgan County, Ohio**  
*Reconciliation of the Statement of Receipts, Disbursements and Changes  
in Cash Basis Fund Balances of Governmental Funds to the Statement of Activities - Cash Basis  
For the Year Ended December 31, 2020*

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ 2,411,789
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.	<u>(59,450)</u>
<i>Change in Net Position of Governmental Activities</i>	<u>\$ 2,352,339</u>

See accompanying notes to the basic financial statements.

**Morgan County, Ohio**  
*Statement of Cash Receipts, Disbursements and Changes in  
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Year Ended December 31, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Receipts</b>				
Property Taxes	\$ 1,008,000	\$ 1,008,000	\$ 1,190,378	\$ 182,378
Sales Taxes	1,500,000	1,500,000	1,701,082	201,082
Payments in Lieu of Taxes	3,900	3,900	9,522	5,622
Charges for Services	595,621	595,621	697,443	101,822
Licenses and Permits	500	500	600	100
Fines and Forfeitures	48,039	48,039	53,460	5,421
Intergovernmental	639,907	639,907	628,668	(11,239)
Investment Income	75,030	75,030	169,817	94,787
Rent	24,600	24,600	25,440	840
Miscellaneous	70,500	70,500	386,018	315,518
<i>Total Receipts</i>	<u>3,966,097</u>	<u>3,966,097</u>	<u>4,862,428</u>	<u>896,331</u>
<b>Disbursements</b>				
Current:				
General Government				
Legislative and Executive	1,027,826	1,579,525	1,463,002	116,523
Judicial	1,558,729	1,375,124	1,301,858	73,266
Public Safety	1,837,260	1,578,219	1,569,946	8,273
Public Health	23,909	35,254	23,573	11,681
Human Services	240,779	220,798	179,799	40,999
Debt Service:				
Principal Retirement	16,666	16,666	16,666	-
Interest and Fiscal Charges	2,875	2,875	2,875	-
<i>Total Disbursements</i>	<u>4,708,044</u>	<u>4,808,461</u>	<u>4,557,719</u>	<u>250,742</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(741,947)</u>	<u>(842,364)</u>	<u>304,709</u>	<u>1,147,073</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	-	-	45,005	45,005
Transfers In	-	-	50,000	50,000
Transfers Out	(43,015)	(43,015)	(43,015)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(43,015)</u>	<u>(43,015)</u>	<u>51,990</u>	<u>95,005</u>
<i>Net Change in Fund Balance</i>	(784,962)	(885,379)	356,699	1,242,078
<i>Fund Balance Beginning of Year</i>	668,422	668,422	668,422	-
Prior Year Encumbrances Appropriated	2,688	2,688	2,688	-
<i>Fund Balance End of Year</i>	<u>\$ (113,852)</u>	<u>\$ (214,269)</u>	<u>\$ 1,027,809</u>	<u>\$ 1,242,078</u>

See accompanying notes to the basic financial statements.

**Morgan County, Ohio**  
*Statement of Receipts, Disbursements and Changes in  
Fund Balance - Budget and Actual (Budget Basis)  
Job and Family Services Fund  
For the Year Ended December 31, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Receipts</b>				
Intergovernmental	3,946,865	3,946,865	3,394,623	(552,242)
Miscellaneous	20,000	20,000	3,741	(16,259)
<i>Total Receipts</i>	<u>3,966,865</u>	<u>3,966,865</u>	<u>3,398,364</u>	<u>(568,501)</u>
<b>Disbursements</b>				
Current:				
Leisure Time Activities	3,653,100	3,690,555	3,509,702	180,853
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>313,765</u>	<u>276,310</u>	<u>(111,338)</u>	<u>(387,648)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	43,135	43,135	38,015	(5,120)
<i>Net Change in Fund Balance</i>	356,900	319,445	(73,323)	(392,768)
<i>Fund Balance Beginning of Year</i>	152,052	152,052	152,052	-
Prior Year Encumbrances Appropriated	45,419	45,419	45,419	-
<i>Fund Balance End of Year</i>	<u>\$ 554,371</u>	<u>\$ 516,916</u>	<u>\$ 124,148</u>	<u>\$ (392,768)</u>

See accompanying notes to the basic financial statements.



**Morgan County, Ohio**  
*Statement of Cash Receipts, Disbursements and Changes in  
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)  
Gas Tax Fund  
For the Year Ended December 31, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Receipts</b>				
Charges for Services	\$ 466,606	\$ 277,122	\$ 451,636	\$ 174,514
Fines and Forfeitures	3,513	4,500	3,400	(1,100)
Intergovernmental	5,166,238	5,932,400	5,000,487	\$ (931,913)
Investment Income	19,743	7,000	18,608	11,608
<i>Total Receipts</i>	<u>5,656,100</u>	<u>6,221,022</u>	<u>5,474,131</u>	<u>(746,891)</u>
<b>Disbursements</b>				
Current:				
Public Works	4,599,431	5,422,442	5,613,624	(191,182)
Debt Service:				
Principal Retirement	124,937	124,937	124,937	-
Interest and Fiscal Charges	4,421	4,421	4,421	-
<i>Total Disbursements</i>	<u>4,728,789</u>	<u>5,551,800</u>	<u>5,742,982</u>	<u>(191,182)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>927,311</u>	<u>669,222</u>	<u>(268,851)</u>	<u>(938,073)</u>
<i>Net Change in Fund Balance</i>	927,311	669,222	(268,851)	(938,073)
<i>Fund Balance Beginning of Year</i>	1,439,729	1,439,729	1,439,729	-
Prior Year Encumbrances Appropriated	<u>114,794</u>	<u>114,794</u>	<u>114,794</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 2,481,834</u>	<u>\$ 2,223,745</u>	<u>\$ 1,285,672</u>	<u>\$ (938,073)</u>

See accompanying notes to the basic financial statements.

**Morgan County, Ohio**  
*Statement of Cash Receipts, Disbursements and Changes in  
In Cash Basis Fund Balance - Budget and Actual (Budget Basis)  
Board of Developmental Disabilities Fund  
For the Year Ended December 31, 2020*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Receipts</b>				
Property Taxes	\$ 878,120	\$ 878,120	\$ 1,048,518	\$ 170,398
Intergovernmental	406,371	444,131	430,262	(13,869)
Contributions and Donations	20,000	20,000	-	(20,000)
Miscellaneous	50,000	50,000	34,058	(15,942)
<i>Total Receipts</i>	<u>1,354,491</u>	<u>1,392,251</u>	<u>1,512,838</u>	<u>120,587</u>
<b>Disbursements</b>				
Current:				
Public Health	<u>1,179,200</u>	<u>1,237,300</u>	<u>1,005,706</u>	<u>231,594</u>
<i>Net Change in Fund Balance</i>	175,291	154,951	507,132	352,181
<i>Fund Balance Beginning of Year</i>	1,459,630	1,459,630	1,459,630	-
Prior Year Encumbrances Appropriated	<u>8,100</u>	<u>8,100</u>	<u>8,100</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 1,643,021</u>	<u>\$ 1,622,681</u>	<u>\$ 1,974,862</u>	<u>\$ 352,181</u>

See accompanying notes to the basic financial statements.

**Morgan County, Ohio**  
*Statement of Fund Net Position - Cash Basis*  
*Proprietary Funds*  
*December 31, 2020*

	Governmental Activities	
	Internal Service Funds	
<b>Assets</b>		
<i>Current Assets:</i>		
Equity in Pooled Cash and Investments	\$ 59,739	
<b>Net Position</b>		
Unrestricted	59,739	
<b><i>Total Net Position</i></b>	\$ 59,739	

See accompanying notes to the basic financial statements.

**Morgan County, Ohio**  
*Statement of Cash Receipts, Disbursements and Changes in Fund Net Position - Cash Basis*  
*Proprietary Funds*  
*For the Year Ended December 31, 2020*

	Governmental Activities
	Internal Service Funds
<b>Operating Receipts</b>	
Charges for Services	\$ 59,894
<b>Operating Disbursements</b>	
Contractual Services	119,344
<i>Change in Net Position</i>	(59,450)
<i>Net Position Beginning of Year</i>	119,189
<i>Net Position End of Year</i>	\$ 59,739

See accompanying notes to the basic financial statements.

**Morgan County, Ohio**  
*Statement of Fiduciary Net Position - Cash Basis*  
*Fiduciary Funds*  
*December 31, 2020*

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	<u>Custodial</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 1,130,335
Cash and Cash Equivalents in Segregated Accounts	<u>133,727</u>
<i>Total Assets</i>	<u>1,264,062</u>
<b>Net Position</b>	
Restricted for Individuals, Organizations, and Other Governments	<u>1,264,062</u>
<i>Total Net Position</i>	<u>\$ 1,264,062</u>

See accompanying notes to the basic financial statements.

**Morgan County, Ohio**  
*Statement of Changes in Cash Basis Fiduciary Net Position - Net Position*  
*Fiduciary Funds*  
*For the Year Ended December 31, 2020*

	Custodial
<b>Additions</b>	
Intergovernmental	16,105,380
Amounts Received as Fiscal Agent	1,058,342
Licenses, Permits & Fees for Other Governments	677,231
Fines & Forfeitures for Other Governments	29,456
Property Tax Collections for Other Governments	499,629
Sheriff Sale Collections for Other Governments	42,808
<i>Total Additions</i>	18,412,846
 <b>Deductions</b>	
Distributions as Fiscal Agent	923,409
Distributions of State Funds to Other Governments	16,246,446
Licenses, Permits & Fees Distributions to Other Governments	748,385
Fines & Forfeitures Distributions to Other Governments	23,708
Property Tax Distributions to Other Governments	170,408
Sheriff Sale Distributions to Other Governments	50,254
<i>Total Deductions</i>	18,162,610
 <i>Change in Net Position</i>	 250,236
 <i>Net Position Beginning of Year (Restated, See Note 3)</i>	 1,013,826
 <i>Net Position End of Year</i>	 \$ 1,264,062

See accompanying notes to the basic financial statements.

**Morgan County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2020*

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**NOTE 1 - REPORTING ENTITY**

Morgan County, Ohio (The County) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County is governed by a board of three County Commissioners elected by the voters of the County. An elected County Auditor serves as chief fiscal officer. In addition, there are nine other elected administrative officials. These officials are: County Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, and the Common Pleas Court/ Probate and Juvenile Court Judges. The County Commissioners serve as the budget and taxing authority, contracting body, and the chief administrators of public services for the County.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the County are not misleading.

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the County. For Morgan County, this includes the Board of Developmental Disabilities and all departments and activities that are directly operated by the elected County Officials.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the program's governing board and (1) the County is able to significantly influence the programs of services performed or provided by the organization; or (2) the County is legally entitled to or can access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent upon the County in that the County approves the budget, the issuance of debt, or the levying of taxes, and there is a potential for the organization to provide specific financial benefit to, or impose specific financial burdens on, the primary government. In the past, the County has reported the Mary Hammond Adult Activity Center, Inc. and the Morgan County Regional Airport Authority as component units. However, with the implementation of Governmental Accounting Standard Board (GASB) Statement No. 61, "*The Financial Reporting Entity: Omnibus*", the County determined it is not misleading to exclude both component units as they do not have a measurable influence on the County's financial statements.

As the custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of the separate agencies, boards, and commissions listed below, the County serves as fiscal agent but is not financially accountable for their operations. Accordingly, the activity of the following districts and agencies is presented as custodial funds within the County's financial statements:

***The Morgan County Health District*** The District is governed by the Board of Health which oversees the operation of the District and is elected by a regional advisory council composed of township trustees, mayors of participating municipalities, and one County Commissioner. The council adopts its own budget and operates autonomously from the County. Funding is based on a rate per taxable valuation, along with State and Federal grants applied for by the District.

***Morgan County Soil and Water Conservation District*** The Soil and Water Conservation District is statutorily created as a separate and distinct political subdivision of the State. The five supervisors of the Soil and Water Conservation District are elected officials authorized to contract and sue on behalf of the District. The supervisors adopt their own budget, authorize District expenditures, hire and fire staff, and do not rely on the County to finance deficits.

**Morgan County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2020*

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The County is associated with certain organizations which are defined as jointly governed organizations, joint ventures. The organizations are:

**Jointly Governed Organizations**

*A. Buckeye Hills Regional Council*

The Buckeye Hills Regional Council serves as the Area Agency on Aging for Washington, Athens, Hocking, Meigs, Monroe, Morgan, Noble, and Perry Counties. The Council was created to foster a cooperative effort in regional planning, programming, and implementing plans and programs. The Council is governed by a fifteen member board of directors. The board has fifteen members composed of four non-elected representatives, Mayors of the two largest cities in the Council, and eight county representatives appointed by County Commissioners. The Board exercises total control over the operations of the Council including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. The Council administers County Community Development Block Grant and Issue II monies. The continued existence of the Council is not dependent on the County's continued participation and no equity interest exists. Financial information can be obtained by contacting Buckeye Hills Regional Council office at 1400 Pike Street, Marietta, Ohio 45750.

*B. SouthEastern Ohio Joint Solid Waste Management District*

The County is a member of the SouthEastern Ohio Joint Solid Waste Management District which consists of Washington, Guernsey, Monroe, Morgan, Muskingum, and Noble Counties. The purpose of the District is to make disposal of waste in the six-county area more comprehensive in terms of recycling, incinerating, and land filling. The District provides for management strategies and local government funding on behalf of the participating counties regarding contractual arrangements with private solid waste disposal facilities, which would assure continued access to adequate disposal capacity for the District. The District was created in 1989 as required by Ohio Revised Code.

The District is governed and operated through three groups. An eighteen-member board of directors, composed of the three Commissioners from each County, is responsible for the District's financial matters. Financial records were maintained by Muskingum County until May 1993 at which time Noble County assumed the responsibility.

The District's sole revenue source is a waste disposal fee for in-district and out-of-district waste. The Board exercises total control over the operations of the District including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. A forty-three member policy committee, comprised of seven members from each county and one at-large member appointed by the policy committee, is responsible for preparing the solid waste management plan of the District in conjunction with a Technical Advisory Council whose members are appointed by the policy committee. Continued existence of the District is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding. Financial information can be obtained by contacting the District at 46049 Marietta Road, Suite 6, Caldwell, Ohio 43724.



**Morgan County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2020*

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*C. Morgan County Family and Children First Council*

The Morgan County Family and Children First Council provide services to multi-need youth in Morgan County. Members of the Board include the Morgan County Health Department, the Regional Office of Youth Services, the Morgan County Juvenile Court, the Morgan County Mental Health Board, Morgan County Children Services, the General Health District, and a representative of the Morgan County School Districts. The operation of the Council is controlled by an advisory committee which consists of a representative from each agency. The Board exercises total control over the operations of the District including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. Financial information can be obtained by contacting the Morgan County Family and Children First Council via Morgan Behavioral Health Choices at 915 South Riverside Drive, P.O. Box 522, McConnelsville, Ohio 43756.

*D. Washington-Morgan Community Action Corporation*

The Community Action Program Corporation of Washington-Morgan Counties is operated as a non-profit organization formed to provide various programs in Washington and Morgan Counties. Currently, the Corporation administers the Family Service and Outreach Program; the Community Action Bus Line (CABL); the Child Development Program; the Senior Nutrition Program; Women, Infants and Children's Supplemental Nutrition Program; the Home Weatherization Assistance and Energy Program; the Workforce Innovation and Opportunity Act Program, Housing and Urban Development Section 8 Existing Housing Voucher/Certificate Program; and various other state and federal programs. The Corporation is the direct recipient of the federal and state monies. The Corporation is governed by a fifteen member council. The council is composed of the Mayor of the City of Marietta, the Mayor of the City of Belpre, two commissioners from Washington County, one Commissioner from Morgan County, five lower income representatives, and five private sector representatives from Washington and Morgan Counties selected by outreach workers. Currently, the Corporation, by contract with the City of Marietta and Washington and Morgan Counties, provides administrative services to these governments in specific programs. The continued existence of the Corporation is not dependent on the County's continued participation and no equity interest exists.

*E. Buckeye Hills Resource Conservation and Development Council (RC&D)*

RC&D is a 501 (c) (3) non-profit entity, serving a nine county region in southeastern Ohio including Athens, Belmont, Hocking, Meigs, Monroe, Morgan, Noble, Perry, and Washington Counties. The Council was created to identify and solve problems in rural communities including human, economic, natural resources and environmental issues. The RC&D is sponsored by the Boards of County Commissioners and the Soil and Water Conservation Districts in the nine counties, along with the Muskingum Watershed Conservancy District and the Rush Creek Conservancy District.

The governing body of RC&D is the Executive Council, made up of 29 members that include three representatives from each county and one representative from each conservancy district. The Executive Council exercises total control over the operations of RC&D including budgetary, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the Executive Council. The continued existence of the District is not dependent on the County's continued participation and no equity interest exists.

**Morgan County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2020*

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*F. Mental Health and Recovery Services Board of Muskingum County*

The Mental Health and Recovery Services Board of Muskingum County (the Board) provides alcohol, drug addiction and mental health services and programs, primarily through contracts with private and public agencies. The Board also provides forensic evaluation services to adult felony courts, and residential services to youth experiencing emotional problems which prevent them from living at home. The Board serves Coshocton, Guernsey, Morgan, Muskingum, Noble, and Perry Counties and operates under the direction of an eighteen-member appointed Board. Each participating county has agreed to levy a tax within their county to assist in the operation of the Board. The Board also directly receives state and federal funding for its operations. Although the Muskingum County Auditor and Muskingum County Treasurer are responsible for fiscal control of the resources of the Board, the Board is responsible for budgeting and accounting for the resources at its disposal. Membership on the Board is based upon Ohio law. The Board exercises total control over the operations of the Program including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the council. Financial information can be obtained by contacting the Board at 1205 Newark Road, Zanesville, Ohio 43701.

*G. Mid-East Ohio Regional Council (MEORC)*

The Mid-East Ohio Regional Council (MEORC) is a regional council of governments created pursuant to Ohio Revised Code Chapter 167. Participating counties include Belmont, Carroll, Coshocton, Fairfield, Guernsey, Harrison, Hocking, Holmes, Jefferson, Knox, Licking, Monroe, Morgan, Muskingum, Noble, Perry, Tuscarawas, and Washington Counties. MEORC was created to provide the best possible services to the developmental disabilities in their respective counties. Each county has representation on the MEORC board. Member counties have a contract between its county BDD board and MEORC for MEORC to provide supported living services or housing to eligible persons in the member counties. The Board exercises total control over the operations of MEORC, including budgeting, contracting, appropriating, and designating management. Each participant's degree of control is limited to its representation on the Board. Financial information can be obtained by contacting MEORC at the Mid-East Ohio Regional Council, 1 Avalon Road, Mt. Vernon, Ohio 43050.

*H. Ohio Valley Employment Resource (OVER)*

The Ohio Valley Employment Resource (OVER) is a jointly governed organization whereby the three county commissioners from Monroe, Morgan, Noble, and Washington Counties serve on the governing board. OVER was formed for the purpose of creating and providing employment and training programs in response to local need, a part of which is implementation of the Workforce Investment Act, P.L. 105-220. The continued existence of OVER is not dependent upon the County's continued participation and no equity interest or debt exists. Financial information can be obtained by contacting the Board at P. O. Box 181, Marietta, Ohio 45750.

**Joint Venture**

*Corrections Commission of Southeastern Ohio*

The Corrections Commission of Southeastern Ohio (the "Commission") is a joint venture of which Athens, Hocking, Morgan, Perry and Vinton counties are members. The Commission is a body politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Commission was established to use the authority common to the members to develop, construct, operate, and administer a multi-county correctional center to augment county jail programs and facilities.

**Morgan County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2020*

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The Commission is directed by one commissioner from each participating county, along with the sheriff and the presiding judge of the court of common pleas of each participating county. Any of these may name other representatives to fulfill this duty. Each county is obligated to provide financial support to this entity through per diem charges and assessments that are based on the number of beds contractually assigned to each county in proportion to the total number of beds of all participating counties. Each member county is financially responsible for a portion of the capital and operating budget. The financial responsibility was as follows: Athens County represents 28 percent, Hocking County represents 24 percent, Morgan County represents 9 percent, Perry County represents 26 percent, and Vinton County represents 13 percent.

Complete financial statements can be obtained from the Corrections Commission of Southeastern Ohio, 16677 Riverside Drive, Nelsonville, Ohio 45764. Under the cash basis of accounting, the County does not report assets for equity interests in joint ventures.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the County's accounting policies.

*A. Basis of Presentation*

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

***Government-wide Financial Statements*** The Statement of Net Position and the Statement of Activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service funds is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the County that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts, or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services, if any.

The Statement of Net Position presents the cash balance of the governmental activities of the County at year end. The Statement of Activities compares disbursements with program receipts for each function or program of the County's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the County's general receipts.

**Morgan County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2020*

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**Fund Financial Statements** During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of governmental fund financial statements is on major funds.

Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**B. Fund Accounting**

The County uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds utilized by the County: governmental, proprietary, and fiduciary.

**Governmental Funds** Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. The following are the County's major governmental funds:

**General Fund** The General Fund accounts for and reports all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the County for any purpose, provided it is expended or transferred according to the general laws of Ohio.

**Job and Family Services Fund** The public assistance fund accounts for various federal and state grants as well as transfers from the General Fund restricted to provide public assistance to general relief recipients and to pay their providers of medical assistance and certain public social services.

**Motor Vehicle and Gasoline Tax Fund** This fund accounts for revenue derived from motor vehicle licenses, gasoline taxes, grants, permissive sales taxes, and interest. Expenditures in this fund are restricted by State law to County road and bridge repair/improvements programs.

**Board of Developmental Disabilities Fund** This fund accounts for the operation of a school and the costs of administering a sheltered workshop for the mentally handicapped and developmentally disabled residents of the County. Restricted revenue sources are federal and state grant monies and a county-wide property tax levy.

**Proprietary Fund** Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The County's proprietary funds are classified as internal service funds.

**Internal Service Funds** Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the County on a cost-reimbursement basis. The County has two internal service funds. A Grant Administration Fund accounts for grant monies received from the Commissioner's Development Office and administers the grants by paying for the payroll, fringe benefits, and related expenditures of the grant. A Broadband Fund accounts for monies received from different departments to pay for broadband services.

**Fiduciary Funds** Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the County's own programs. The County's fiduciary funds are all classified as custodial funds. The custodial funds account for assets held by the County as agent for the Board of Health and other districts and entities and for various taxes, assessments, and state shared resources collected on behalf of and distributed to other local governments.

**Morgan County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2020*

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*C. Basis of Accounting*

The County's financial statements are prepared using the cash basis of accounting. (See Note 4) Except for modifications having substantial support, receipts are recorded in the County's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the County are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

*D. Budgetary Process*

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioners' authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the County Commissioners. The legal level of control has been established by County Commissioners at the fund, program, department, and object level.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the County Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued in effect at the time final appropriations were passed by the County Commissioners.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the County Commissioners during the year.

*E. Cash and Cash Equivalents*

To improve cash management, cash received by the County Treasurer is pooled. Cash balances, except cash held by a fiscal agent, are pooled and invested in short-term investments in order to provide improved cash management. Individual fund integrity is maintained through the County's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the County are considered to be cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

During 2020, the County had investments in non-negotiable certificates of deposit, which are reported at cost.

**Morgan County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2020*

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Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

Cash and cash equivalents that are held separately for the County by fiscal agents and not held with the County Treasurer are recorded as “Cash and Cash Equivalents with Fiscal Agents” which represents money held by a jointly governed organization (See Note 5).

The County has segregated bank accounts for monies held separate from the County’s central bank account. These interest bearing depository accounts are presented on the statement of net position, the balance sheet, and the statement of fund net position - proprietary funds as “Cash and Cash Equivalents in Segregated Accounts” since they are not required to be deposited into the County’s treasury.

Under existing Ohio statutes, all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General Fund during 2020 amounted to \$169,878, which includes \$133,817 assigned from other County funds.

*F. Inventory and Prepaid Items*

The County reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

*G. Capital Assets*

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

*H. Accumulated Leave*

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the County’s cash-basis of accounting.

*I. Pension/Other Postemployment Benefits (OPEB)*

For purposes of measuring the net pension/OPEB liability, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

*J. Long-term Obligations*

The County’s cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither other financing sources nor capital outlay are reported at inception. Lease payments are reported when paid.

**Morgan County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2020*

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**K. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash.

***Restricted*** Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (County resolutions).

Enabling legislation authorizes the County to assess, levy, charge, or otherwise mandates payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the County can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specific by the legislation.

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the County Commissioners. Those committed amounts cannot be used for any other purpose unless the Commission removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by County Commissioners, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the County Commissioners or a County official delegated that authority by resolution or by State Statute. State statute authorizes the County Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

***Unassigned*** Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

**Morgan County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2020*

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The County applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first, followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

*L. Restricted Assets*

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Unclaimed monies that are required to be held for five years before they may be utilized by the County are reported as restricted.

*M. Net Position*

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

*N. Interfund Activity*

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one program to another or within the same program are eliminated on the Statement of Activities. Payments of interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Nonexchange flows of cash from one fund to another are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating receipts/disbursements in proprietary funds. The statements do not report repayments from funds responsible for particular disbursements to the funds initially paying the costs.

**NOTE 3 - IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION/FUND BALANCES**

For the year ended December 31, 2020 the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, and GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*.

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the County will no longer be reporting agency funds. The County reviewed its funds for proper classification, and any fund reclassifications resulted in the restatement of the County's financial statements (see below).

GASB Statement No. 88 establishes additional financial statement note disclosure requirements related to debt obligations of governments, including direct borrowings and direct placements. These changes were incorporated in the County's 2020 financial statements; however, there was no effect on beginning net position.



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***Restatement of Net Position/Fund Balances***

The implementation of GASB 84 had the following effect on net position/fund balances as reported December 31, 2019:

	Governmental Activities
Net Position, December 31, 2019	\$ 7,644,519
GASB Statement No. 84	1,108,547
Restated Net Position, December 31, 2019	\$ 8,753,066

The implementation of GASB 84 had the following effect on fund balance as reported December 31, 2019:

	General	Job and Family Services	Motor Vehicle and Gas Tax	Board of Developmental Disabilities	Other Governmental Funds
Fund Balance, December 31, 2019	\$ 697,047	\$ 197,471	\$ 1,593,113	\$ 1,469,521	\$ 3,568,178
GASB Statement No. 84	507,386	171,789	204,258	78,824	146,290
Restated Fund Balance, December 31, 2019	\$ 1,204,433	\$ 369,260	\$ 1,797,371	\$ 1,548,345	\$ 3,714,468

The implementation of GASB 84 had the following effect on fiduciary net position as reported December 31, 2019:

	Fiduciary Funds	
	Agency	Custodial
Net Position, December 31, 2019	\$ -	\$ -
GASB Statement No. 84	-	1,013,826
Adjustments:		
Assets	2,122,373	-
Liabilities	(2,122,373)	-
Restated Net Position, December 31, 2019	\$ -	\$ 1,013,826

**NOTE 4 - COMPLIANCE**

Ohio Administrative Code, section 117-2-03 (B), requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, the County prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The County can be fined and various other administrative remedies may be taken against the County.

**Morgan County, Ohio**  
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**NOTE 5 - DEPOSITS AND INVESTMENTS**

Monies held by the County are classified by State statute into two categories. Active monies are public monies determined to be necessary to meet current demands upon the County treasury. Active monies must be maintained either as cash in the County treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Monies held by the County which are not considered active are classified as inactive. Inactive monies may be deposited or invested with certain limitations in the following securities provided the County has filed a written investment policy with the Ohio Auditor of State:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero-coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of this state or the political subdivisions of this state, provided the bonds or other obligations of political subdivisions mature within ten years from the date of settlement;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts, in eligible institutions pursuant to ORC sections 135.32;
6. No-load money market mutual funds rated in the highest category at the time of purchase by at least one nationally recognized standard rating service or consisting exclusively of obligations described in (1) or (2) above; commercial paper as described in ORC section 135.143 (6); and repurchase agreements secured by such obligations, provided these investments are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities or cash, equal value for equal value, within certain limitations;
9. Up to forty percent of the County's average portfolio, if training requirements have been met in either of the following:

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- a. Commercial paper notes in entities incorporated under the laws of Ohio, or any other State, that have assets exceeding five hundred million dollars, which are rated in the highest classification established by two nationally recognized standard rating services, which do not exceed ten percent of the value of the outstanding commercial paper of the issuing corporation, which mature within 270 days after purchase, and the investment in commercial paper notes of a single issuer shall not exceed the aggregate five percent of interim monies available for investment at the time of purchase.
  - b. Bankers acceptances of banks that are insured by the federal deposit insurance corporation and that mature not later than 180 days after purchase.
10. Up to fifteen percent of the County's average portfolio in notes issued by U.S. corporations or by depository institutions doing business under authority granted by the U.S. or any state provided the notes are rated in the three highest categories by at least two nationally recognized standard rating services at the time of purchase and the notes mature not later than three years after purchase;
  11. A current unpaid or delinquent tax line of credit, provided certain conditions are met related to a County land reutilization corporation organized under ORC Chapter 1724; and,
  12. Up to two percent of the County's average portfolio in debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government, subject to certain limitations. All interest and principal shall be denominated and payable in United States funds.

Reverse repurchase agreements, investments in derivatives, and investments in stripped principal or interest obligations that are not issued or guaranteed by the United States, are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of settlement, unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At December 31, 2020, the County's Board of Developmental Disabilities Fund had a cash balance of \$41,541 with MEORC, a jointly governed organization (See Note 1). The money is held by MEORC in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement 40. Any risk associated with the cash and cash equivalents and investments for MEORC as a whole may be obtained from their audit report. To obtain financial information, write to the Mid-East Ohio Regional Council, Cathy Henthorn, who serves as Director of Financial Operations, 1 Avalon Road, Mt. Vernon, Ohio 43050.

At year end, the County had \$10,984 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

**Deposits** Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$12,209,135 of the County's total bank balance \$12,852,173 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized with securities held by the pledging financial institution's trust department or agent but not in the government's name. The County's financial institutions participate in the Ohio Pooled Collateral System (OPCS).

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The County has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

- Eligible securities pledged to the County and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

**NOTE 6 - BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis for the General Fund and each major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis are as follows:

1. Outstanding year end encumbrances are treated as expenditures (budgetary basis) rather than restricted, committed, or assigned fund balance (cash basis).
2. Unreported interest and cash held in custodial funds on behalf of County funds, are reported on the statement of modified receipts, disbursements, and changes in fund balances (cash basis), but not on the budgetary basis.
3. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (cash basis).

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

	<u>General</u>	<u>Job and Family Services</u>	<u>Motor Vehicle &amp; Gasoline Tax</u>	<u>Board of Developmental Disabilities</u>
Cash Basis	\$ 679,187	\$ 79,142	\$ 366,910	\$ 487,159
Beginning of Year:				
Cash in Segregated Accounts	172,786	-	-	-
Custodial Fund Cash Allocation	1,730,419	171,789	242,848	80,615
End of Year:				
Cash in Segregated Accounts	(140,081)	-	-	-
Custodial Fund Cash Allocation	(1,845,386)	(289,454)	(251,166)	(52,642)
Advances In	(1,360,798)	-	-	-
Advances Out	1,180,787	-	-	-
Funds Budgeted Elsewhere *	(61)	-	-	-
Adjustment for Encumbrances	<u>(60,154)</u>	<u>(34,800)</u>	<u>(627,443)</u>	<u>(8,000)</u>
Budget Basis	<u>\$ 356,699</u>	<u>\$ (73,323)</u>	<u>\$ (268,851)</u>	<u>\$ 507,132</u>

**NOTE 7 - PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property located in the County. Property tax revenue received during 2020 for real and public utility property taxes represents collections of the 2019 taxes.

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2020 real property taxes were levied after October 1, 2020 on the assessed value as of January 1, 2020, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2020 real property taxes are collected in and intended to finance 2021.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2020 public utility property taxes which became a lien December 31, 2019, are levied after October 1, 2020, and are collected in 2021 with real property taxes.

The full tax rate for all County operations for the year ended December 31, 2020, was \$13.45 per \$1,000 of assessed valuation. The assessed values of real property and public utility tangible property upon which 2020 property tax receipts were based are as follows:

Real Property	\$ 258,856,950
Public Utility Real Property	4,644,200
Public Utility Personal Property	<u>159,254,760</u>
Total Assessed Value	<u>\$ 422,755,910</u>

The County Treasurer collects property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to the County its portion of the taxes collected.

**NOTE 8 - PERMISSIVE SALES AND USE TAX**

For the purposes of providing additional receipts, the County has levied a sales tax at the rate of one and one-half percent upon certain retail sales made in the County, except sales of motor vehicles, and on the storage, use, or consumption of tangible personal property in the County, including motor vehicles not subject to the sales tax. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. The State Tax Commissioner certifies to the Office of Budget and Management (OBM) the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The Tax Commissioner shall then, on or before the twentieth day of the month in which certification is made, provide for payment to the County. Proceeds of the tax are credited to the General Fund.

**NOTE 9 - RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; employee injuries; and natural disasters. During 2020, the County contracted with the Buckeye Joint-County Self-Insurance Council, an insurance purchasing pool, (see Note 19), for liability, auto, and crime insurance. Each member pays a premium for their coverage. The agreement provides that the Council will be self-sustaining through member premiums. In the event of losses, the first \$250 to \$2,500 of any valid claim, depending on type of loss, will be paid by the member. The next payment, with a maximum pay out ranging from \$100,000 to \$1,000,000 per occurrence, will come from the insurance purchasing pool based on the member's percentage of contribution. If the aggregate claims paid by the pool exceed the available resources, the pool may require the members to make additional supplementary payments. Morgan County does not have any ongoing financial interest or responsibility.

The agreement between the counties and the Council indicates that a voluntary withdrawal or termination by any county shall constitute a forfeiture of any pro rate share of the Council reserve fund. Current calculation of this potential residual interest is, therefore, not possible.

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Settled claims have not exceeded coverage in any of the last three years. There has been no significant reduction in coverage from the prior year.

For 2020, the County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool (see Note 19). The Plan is intended to achieve lower workers' compensation rates while establishing safer working conditions and environments for the participants. The worker's compensation experience of the participating Counties is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. In order to allocate the savings derived by formation of the Plan, and to maximize the number of participants in the Plan, the Plan's executive committee annually calculates the total savings which accrued to the Plan through its formation. This savings is then compared to the overall savings percentage of the Plan. The Plan's executive committee then collects rate contributions from or pays rate equalization rebates to the various participants. Participation in the Plan is limited to Counties that can meet the Plan's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the Plan. Each year, the County pays an enrollment fee to the Plan to cover the costs of administering the program.

The County may withdraw from the Plan if written notice is provided sixty days prior to the prescribed application deadline of the Ohio Bureau of Workers' Compensation. However, the participant is not relieved of the obligation to pay any amounts owed to the Plan prior to withdrawal, and any participant leaving the Plan allows the representative of the Plan to access loss experience for three years following the last year of participation.

The County pays all elected official bonds by State statute.

**NOTE 10 - DEFINED BENEFIT PENSION PLAN**

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

***Net Pension Liability/Net OPEB Liability (Asset)***

Pensions and OPEB are components of exchange transactions - between an employer and its employees - of salaries and benefits for employee services. Pensions and OPEB are provided to an employee - on a deferred-payment basis - as part of the total compensation package offered by an employer for employee services each financial period.

The net pension/OPEB liability (asset) represents the County's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the County's obligation for this liability to annually required payments. The County cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the County does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

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GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide health care to eligible benefit recipients.

The remainder of this note includes the pension disclosures. See Note 11 for the OPEB disclosures.

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

County employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan, and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. While members (e.g. County employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS' Comprehensive Annual Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

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<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Law Enforcement</b>	<b>Law Enforcement</b>	<b>Law Enforcement</b>
<b>Age and Service Requirements:</b> Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	<b>Age and Service Requirements:</b> Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>	<b>Public Safety and Law Enforcement</b>
<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	<b>Formula:</b> 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a benefit recipient has received benefits for 12 months, current law provides for an annual cost-of-living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.



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Funding Policy - Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local	Law Enforcement
<b>2020 Statutory Maximum Contribution Rates</b>		
Employer	14.00 %	18.10 %
Employee	10.00 %	**
<b>2020 Actual Contribution Rates</b>		
Employer:		
Pension	14.00 %	18.10 %
Post-Employment Health Care Benefits	0.00 %	0.00 %
Total Employer	14.00 %	18.10 %
Employee	10.00 %	13.00 %

\* This rate is determined by OPERS' Board and has no maximum rate established by ORC.  
 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was \$867,785 for 2020.

***Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions***

The net pension liability for OPERS was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. STRS net pension liability was measured as of June 30, 2020, and total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS
Proportion of the Net Pension Liability:	
Current Measurement Period	0.042896%
Prior Measurement Period	0.042856%
Change in Proportion	0.000040%
Proportionate Share of the Net	
Pension Liability	\$ 8,478,685

***Actuarial Assumptions - OPERS***

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

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Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2019, using the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2019 are presented below.

<u>Actuarial Information</u>	<u>Traditional Pension Plan</u>
Wage Inflation	3.25 percent
Future Salary Increases, including wage inflation	3.25 percent to 10.75 percent (including wage inflation)
Investment Rate of Return	
Current Measurement Date	7.20 percent
Prior Measurement Date	7.20 percent
Actuarial Cost Method	Individual Entry Age
Cost-of-Living Adjustments	Pre-1/7/2013 Retirees: 3.00 percent Simple Post-1/7/2013 Retirees: 3.00 percent Simple through 2020, then 2.15 percent Simple

In October 2019, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from three percent simple through 2018 then 2.15 simple to 1.4 percent simple through 2020 then 2.15 percent simple.

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 17.2 percent for 2019.

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The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	25.00 %	1.83 %
Domestic Equities	19.00	5.75
Real Estate	10.00	5.20
Private Equity	12.00	10.70
International Equities	21.00	7.66
Other Investments	13.00	4.98
Total	<u>100.00 %</u>	<u>5.61 %</u>

**Discount Rate** The discount rate used to measure the total pension liability was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.20 percent, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.20 percent) or one-percentage-point higher (8.20 percent) than the current rate:

	Current		
	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
County's Proportionate Share of the Net Pension Liability	\$ 13,984,096	\$ 8,478,685	\$ 3,529,483

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**NOTE 11 - DEFINED BENEFIT OPEB PLANS**

See Note 10 for a description of the net OPEB liability (asset).

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

OPERS administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS Comprehensive Annual Financial Report referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2020, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

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Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2020, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the member-directed plan for 2020 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was \$0 for 2020.

***Net OPEB Liability (Asset), OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB***

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The County's proportion of the net OPEB liability (asset) was based on the County's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS
Proportion of the Net OPEB Liability:	
Current Measurement Period	0.040775%
Prior Measurement Period	0.040793%
Change in Proportion	-0.000018%
Proportionate Share of the Net OPEB Liability	\$ 5,632,036

***Actuarial Assumptions - OPERS***

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

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Wage Inflation	3.25 percent
Projected Salary Increases, Including Inflation	3.25 percent to 10.75 percent (includes wage inflation at 3.25 percent)
Single Discount Rate:	
Current Measurement Date	3.16 percent
Prior Measurement Date	3.96 percent
Investment Rate of Return	
Current Measurement Date	6.00 percent
Prior Measurement Date	6.00 percent
Municipal Bond Rate	
Current Measurement Date	2.75 percent
Prior Measurement Date	3.71 percent
Health Care Cost Trend Rate	
Current Measurement Date	10.50 percent, initial, 3.50 percent ultimate in 2030
Prior Measurement Date	10.00 percent, initial, 3.25 percent ultimate in 2029
Actuarial Cost Method	Individual Entry Age Normal

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 19.7 percent for 2019.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

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Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trusts	6.00	5.69
International Equities	23.00	7.66
Other Investments	14.00	4.90
Total	<u>100.00 %</u>	<u>4.55 %</u>

**Discount Rate** A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 2.75 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** The following table presents the County's proportionate share of the net OPEB liability calculated using the single discount rate of 3.16 percent, as well as what the County's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16 percent) or one-percentage-point higher (4.16 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
County's Proportionate Share of the Net OPEB Liability	\$ 7,370,422	\$ 5,632,036	\$ 4,240,154

**Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate** Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

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	1% Decrease	Current Trend Rate	1% Increase
County's Proportionate Share of the Net OPEB Liability	\$ 5,465,839	\$ 5,632,036	\$ 5,796,114

***Changes between Measurement Date and Reporting Date***

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

**NOTE 12 - CAPITAL LEASES - LESSEE DISCLOSURE**

In prior years, the County entered into capitalized leases for office equipment. Both leases meet the criteria of a capital lease which is defined as transferring benefits and risks of ownership to the lessee. Both leases are being paid from the General Fund. The leases matured in 2020 with a payment of \$532 of principal and \$4 of interest.

**NOTE 13 - LONG-TERM OBLIGATIONS**

Changes in the County's long-term obligations during the year consisted of the following:

	Outstanding 1/2/2020	Additions	Reductions	Outstanding 12/31/2020	Amounts Due Within One Year
<b>Governmental Activities:</b>					
<i>General Obligation Bonds:</i>					
2015 Refunding General Obligation Bonds					
Serial/Term Bonds - 2.00% to 4.25%	\$ 1,265,000	\$ -	\$ 80,000	\$ 1,185,000	\$ 80,000
<i>Direct Borrowings</i>					
2001 Tax Increment Financing Loan - 4.98%	37,306	-	3,109	34,197	3,109
Peoples Bank Loan - 2.85%	26,035	-	26,035	-	-
Peoples Bank Loan - 2.85%	53,788	-	26,512	27,276	27,276
First National Bank Loan - 2.35%	15,255	-	15,255	-	-
First National Bank Loan - 2.70%	32,882	-	32,882	-	-
First National Bank Loan - 3.20%	86,002	-	16,134	69,868	16,651
<i>Total General Obligation Bonds</i>	1,516,268	-	199,927	1,316,341	127,036
<i>OPWC Loans:</i>					
OPWC Loan - 2012	42,280	-	21,139	21,141	21,141
OPWC Loan - 2013	20,008	-	4,002	16,006	8,004
<i>Total OPWC Loans</i>	62,288	-	25,141	37,147	29,145
<i>Total Direct Borrowings</i>	313,556	-	145,068	168,488	76,181
Capital Leases	532	-	532	-	-
<b><i>Total Governmental Activities</i></b>	\$ 1,579,088	\$ -	\$ 225,600	\$ 1,353,488	\$ 156,181

On January 15, 2015, the County issued refunding bonds of \$1,650,000 consisting of \$305,000 in serial bonds and \$1,345,000 in term bonds. The refunding bonds will mature on December 1, 2032. These bonds were issued to currently refund \$1,552,868 in 2003 Sales Tax Supported Building Improvement Limited Tax General Obligation Bonds outstanding. These bonds will be paid with money collected from the County's sales tax revenue out of the Riecker Building Fund.



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*Mandatory Redemptions* The term bonds maturing on December 1, 2020, are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amounts to be redeemed, plus accrued interest to the date of redemption. The remaining principal amount of such Term Bonds (\$80,000) will be paid at stated maturity on December 1, 2020.

The Term Bonds maturing on December 1, 2023, are subject to mandatory sinking fund redemption at the redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2021	\$80,000
2022	85,000

The remaining principal amount of such Term Bonds (\$85,000) will be paid at stated maturity on December 1, 2023.

The Term Bonds maturing on December 1, 2026, are subject to mandatory sinking fund redemption at the redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2024	\$90,000
2025	90,000

The remaining principal amount of such Term Bonds (\$95,000) will be paid at stated maturity on December 1, 2026.

The Term Bonds maturing on December 1, 2029, are subject to mandatory sinking fund redemption at the redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2027	\$100,000
2028	105,000

The remaining principal amount of such Term Bonds (\$110,000) will be paid at stated maturity on December 1, 2029.

The Term Bonds maturing on December 1, 2032, are subject to mandatory sinking fund redemption at the redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

<u>Year</u>	<u>Amount</u>
2030	\$110,000
2031	115,000

The remaining principal amount of such Term Bonds (\$120,000) will be paid at stated maturity on December 1, 2032.

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*Optional Redemption* The bonds maturing on or after December 1, 2025, are subject to redemption on or after December 1, 2024, by and at the sole option of the County, either in whole or in part (as selected by the County) on any date and in integral multiples of \$5,000, at par plus accrued interest to the redemption date.

The following is a summary of the County's future annual principal and interest requirements to retire the refunding bonds:

Year Ending December 31,	General Obligation Bonds		
	Term		Total
	Principal	Interest	
2021	\$ 80,000	\$ 42,538	\$ 122,538
2022	85,000	40,538	125,538
2023	85,000	38,412	123,412
2024	90,000	36,288	126,288
2025	90,000	32,463	122,463
2026-2030	520,000	100,687	620,687
2031-2033	235,000	11,538	246,538
	<u>\$ 1,185,000</u>	<u>\$ 302,464</u>	<u>\$ 1,487,464</u>

The County obtained a tax increment financing loan in 2001 for \$93,266. Proceeds from this loan were used to pay for water line chlorination systems and a bulk station to provide potable water for industry. Tax Increment Financing service payments are being used to repay this debt.

The following is a summary of the County's future annual principal and interest requirements to retire the Tax Increment Financing Loan:

Year Ending December 31,	Principal	Interest	Total
2021	\$ 3,109	\$ 1,703	\$ 4,812
2022	3,109	1,548	4,657
2023	3,109	1,393	4,502
2024	3,109	1,239	4,348
2025	3,109	1,084	4,193
2026-2030	15,545	3,096	18,641
2031-2032	3,107	155	3,262
	<u>\$ 34,197</u>	<u>\$ 10,218</u>	<u>\$ 44,415</u>

In 2012, the County entered into a loan with the Ohio Public Works Commission (OPWC) in the amount of \$338,226 at zero percent for the purpose of resurfacing certain county roads. Principal payments are due in January and July of each year through 2020. Monies from the Motor Vehicle and Gas Tax Fund are being used to pay back the loan.

In 2013, the County entered into a loan with the Ohio Public Works Commission (OPWC) in the amount of \$64,026 at zero percent for the purpose of resurfacing certain county roads. Principal payments are due in January and July of each year through 2022. Motor Vehicle and Gas Tax monies are being used to repay the loan.

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Principal requirements to retire the OPWC loans at December 31, 2020, are as follows:

Year Ending December 31,	2012 Loan Principal	2013 Loan Principal	Total
2021	\$ 21,141	\$ 8,004	\$ 29,145
2022	0	8,002	8,002
	\$ 21,141	\$ 16,006	\$ 37,147

In 2016, Morgan County obtained a loan in the amount of \$99,824 at an interest rate of 2.85% from Peoples Bank for the purchase of a dump truck. The loan will be repaid from the Motor Vehicle and Gas Tax Fund. The loan matures in 2020 with a payment of \$26,035 of principal and \$753 of interest.

In 2017, Morgan County obtained a loan in the amount of \$104,600 at an interest rate of 2.85% from Peoples Bank for the purchase of a Freightliner truck. The loan will be repaid from the Motor Vehicle and Gas Tax Fund. The following is a summary of the future annual principal and interest payments on this loan:

Year Ending December 31,	Principal	Interest	Total
2021	\$ 27,276	\$ 790	\$ 28,066

In 2018, Morgan County obtained a loan in the amount of \$30,160 at an interest rate of 2.35% from First National Bank for the purchase of a truck. The loan will be repaid from the Motor Vehicle and Gas Tax Fund. The loan matured in 2020 with a final payment of \$15,255 of principal and \$614 of interest.

In 2017, Morgan County obtained a loan in the amount of \$96,075 at an interest rate of 2.70% from First National Bank for the purchase of a front end loader. The loan will be repaid from the Motor Vehicle and Gas Tax Fund. The loan matured in 2020 with a final payment of \$32,882 of principal and \$888 of interest.

In 2019, Morgan County obtained a loan in the amount of \$86,002 at an interest rate of 3.20% from First National Bank for the purchase of a phone system. The loan will be repaid from the General Fund. The following is a summary of the future annual principal and interest payments on this loan:

Year Ending December 31,	Principal	Interest	Total
2021	\$ 16,651	\$ 2,236	\$ 18,887
2022	17,183	1,703	18,886
2023	17,733	1,153	18,886
2024	18,301	586	18,887
	\$ 69,868	\$ 5,678	\$ 75,546

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**NOTE 14 - NOTES PAYABLE**

During 2019, the County opened a line of credit with Peoples Bank for \$100,000 with an interest rate of 4.50 percent. This line of credit was paid in full during 2020 from the Morgan County Public Transportation Fund. Changes in short-term obligations, for the year ended December 31, 2020, were as follows:

	Outstanding Balance 12/31/2019	Additions	Reductions	Outstanding Balance 12/31/2020	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Peoples Bank Line of Credit - 4.50%	\$ 100,000	\$ -	\$ 100,000	\$ -	\$ -

**NOTE 15 - INTERFUND TRANSFERS AND BALANCES**

A. Transfers

During 2020, the General Fund transferred \$38,015 to the Job and Family Services Fund to move unrestricted revenues collected in the General Fund to finance the programs accounted for in the Job and Family Services Fund in accordance with budgetary authorizations. The General Fund also transferred \$5,000 to the Emergency Management Fund to finance the programs until the grant monies are received.

B. Balances

At December 31, 2020, the Other Non-major Governmental Funds owed the General Fund \$1,322,280 due to cash deficits and grant monies not being received prior to disbursements needing made and the purchase of a building.

**NOTE 16 - SIGNIFICANT COMMITMENTS**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

Governmental Funds	
General	\$ 60,154
MVGT	627,443
Job and Family Services	34,800
Board of Developmental Disabilities	8,000
Nonmajor Governmental Funds	226,244
Total	\$ 956,641

**NOTE 17 - INSURANCE PURCHASING POOLS**

A. Buckeye Joint-County Self-Insurance Council

The Buckeye Joint-County Self-Insurance Council is an insurance purchasing pool that serves Washington, Athens, Hocking, Jackson, Lawrence, Meigs, Monroe, Morgan, Noble, Perry, Pike, and Vinton Counties. It was formed as an Ohio not-for-profit corporation for the purpose of establishing an insurance pool to obtain general liability, law enforcement, professional, and fleet insurance. Member counties provide operating resources to the Council based on actuarially determined rates.

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The degree of control exercised by any participating government is limited to its representation on the Council. The Governing Board is composed of at least one County Commissioner from each of the participating counties. The Governing Board annually elects officers who include a President, Vice President, Second Vice President, and two Governing Board members. The expenses and investment of funds by the officers must be approved by the Governing Board unless specific limits have been set by the Governing Board to permit otherwise.

**B. County Commissioners Association of Ohio Workers' Compensation Group Rating Plan**

The County is participating in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as a group purchasing pool. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the Plan.

A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant, and performing any other acts and functions which may be delegated to it by the participating employers. The group executive committee consists of seven members. Two members are the president and treasurer of CCAOSC; the remaining five members are representatives of the participants. These five members are elected for the ensuing year by the participants at the meeting held in the month of December each year. No participant can have more than member of the group executive committee in any year and each elected member shall be a County Commissioner.

**NOTE 18 - FEDERAL FOOD STAMP PROGRAM**

The County's Department of Job and Family Services distributes federal food stamps to entitled recipients within Morgan County. The receipt and issuance of food stamps have the characteristics of a federal grant. However, the Department of Job and Family Services merely acts in an intermediary capacity. Therefore, the inventory value of these stamps is not reflected in the accompanying financial statements as the only economic interest related to the stamps rests with the ultimate recipient.

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**NOTE 19 - FUND BALANCES**

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the County is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

	General	Job and Family Services	Motor Vehicle and Gas Tax	Board of Developmental Disabilities	Other Governmental Funds	Total
Nonspendable for:						
Unclaimed Monies	\$ 23,727	\$ -	\$ -	\$ -	\$ 80,684	\$ 104,411
Restricted for:						
Job and Family Services	-	448,402	-	-	-	448,402
Motor Vehicle and Gas Tax	-	-	2,164,281	-	-	2,164,281
Board of Developmental Disabilities	-	-	-	2,035,504	-	2,035,504
Emergency Services	-	-	-	-	425,548	425,548
Real Estate Assessments	-	-	-	-	415,869	415,869
Economic Development	-	-	-	-	122,598	122,598
Senior Citizen Services	-	-	-	-	190,685	190,685
Child Support Enforcement	-	-	-	-	320,841	320,841
Childrens Services	-	-	-	-	628,226	628,226
County Court Special Projects	-	-	-	-	334,783	334,783
Court	-	-	-	-	563,367	563,367
Corrections	-	-	-	-	355,727	355,727
Dog and Kennel	-	-	-	-	45,458	45,458
Transportation Grants	-	-	-	-	492,767	492,767
Washington Morgan Community Action	-	-	-	-	33,454	33,454
Public Works	-	-	-	-	115,781	115,781
Public Safety	-	-	-	-	329,283	329,283
Marriage License	-	-	-	-	237	237
Board of Elections	-	-	-	-	38,987	38,987
<b>Total Restricted</b>	<b>-</b>	<b>448,402</b>	<b>2,164,281</b>	<b>2,035,504</b>	<b>4,413,611</b>	<b>9,061,798</b>
Committed for:						
Riecker Building	-	-	-	-	18,325	18,325
Capital Improvements	-	-	-	-	1,239	1,239
<b>Total Committed</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,564</b>	<b>19,564</b>
Assigned for:						
Subsequent Year Appropriations	819,471	-	-	-	-	819,471
Encumbrances:						
Legislative and Executive	49,664	-	-	-	-	49,664
Public Safety	10,490	-	-	-	-	10,490
<b>Total Assigned</b>	<b>879,625</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>879,625</b>
Unassigned	980,268	-	-	-	-	980,268
<b>Total Fund Balance</b>	<b>\$ 1,883,620</b>	<b>\$ 448,402</b>	<b>\$ 2,164,281</b>	<b>\$ 2,035,504</b>	<b>\$ 4,513,859</b>	<b>\$ 11,045,666</b>

**NOTE 20 - CONTINGENT LIABILITIES**

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the County Commissioners believe such disallowances, if any, will be immaterial.

**Morgan County, Ohio**  
*Notes to the Basic Financial Statements*  
*December 31, 2020*

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There were no claims and lawsuits pending against the County as of December 31, 2020.

**NOTE 21 - LANDFILL**

The Commissioners leased land from F. E. and Eileen Haines to operate the Morgan County Landfill (the Facility). William Miller was the operator and license holder for the Facility from 1974 to 1988, when the Facility was closed. The Ohio Administrative Code requires the operator to complete certain environmental remediation to the Facility within sixty days after closing and to maintain the site after closure. Subsequent to the closure on September 1, 1988, the Ohio Environmental Protection Agency (OEPA) conducted inspections and documented various violations of closure requirements. On February 13, 1995, the Director of the OEPA issued Final Findings and Orders to the Morgan County Commissioners, F. E. and Eileen Haines, and William R. Miller concerning violations of closure and post-closure requirements.

As a result of the Directors Final Findings and Orders, the Commissioners contracted for a study to determine the cap, leachate management, explosive gas monitoring, ground water monitoring, and for other technical services relating to closure procedures for the Facility. During 1997, the County paid for the construction phase of capping the Facility. In 2001, the Commissioners contracted with an engineering firm to prepare a corrective measure plan to address the remaining OEPA concerns, including post-closure care. Other alternative plans ranging from approximately \$1.5 million to \$15.9 million have been documented and presented by Advanced Geo Services, who are employees of Gould, Inc., to the OEPA. Advanced GeoServices continues to monitor gas and groundwater pollutant levels for Gould. The Commissioners are also responsible for providing \$33,000 of in-kind contributions for illegal dump cleanup. To date, approximately \$34,306 of these in-kind contributions have been provided.

As of the date of this report, the Commissioners cannot determine which plan will be accepted, if any, or what portion of the remaining costs may have to be paid by the County. However, plans are being made to install a leachate collection tank.

**NOTE 22 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the County. The County's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the County's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the County received CARES Act funding of \$1,846,581. Of the amount received, \$865,397 was distributed to townships and villages. The balance of \$981,184 was distributed to the county commissioners. These amounts are reflected as general government expenses in the CARES Act fund on the accompanying financial statements.

**Morgan County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2020**

Federal Grantor Pass Through Grantor Program/Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed Through Ohio Department of Jobs &amp; Family Services</i>				
SNAP Cluster:				
State Administrative Matching Grant for the Supplemental Assistance Program	10.561	G-2021-11-5970	\$ - \$	180,600
Total SNAP Cluster			-	180,600
<i>Passed Through Ohio Department of Natural Resources</i>				
Forest Service Schools and Roads Cluster:				
Schools and Roads - Grants to States	10.665	N/A	-	5,043
Total Forest Service and Roads Cluster			-	5,043
<b>Total U.S. Department of Agriculture</b>				
			-	185,643
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
<i>Passed Through Ohio Development Services Agency</i>				
Community Development Block Grant - State's Program:				
Target of Opportunity Program	14.228	B-D-19-1CA-1	-	31,400
CDBG Formula	14.228	B-F-19-1CA-1	-	453,616
Community Housing Impact & Preservation	14.228	B-C-19-1CA-1	-	86,474
Total Community Development Block Grant - State's Program			-	571,490
<b>Total U.S. Department of Housing and Urban Development</b>				
			-	571,490
<b>U.S. DEPARTMENT OF INTERIOR</b>				
<i>Passed Through Ohio Department of Natural Resources</i>				
National Forest Acquired Lands	15.438	N/A	-	6,197
<b>Total U.S. Department of Interior</b>				
			-	6,197
<b>U.S. DEPARTMENT OF CRIMINAL JUSTICE</b>				
<i>Passed Through Ohio Department of Public Safety</i>				
Crime Victim Assistance:				
Crime Victim Assistance:	16.575	2021-VOCA-198150	-	11,239
Crime Victim Assistance:	16.575	2020-VOCA-198150	-	40,592
Total Crime Victim Assistance			-	51,831
Violence Against Women Formula Grants	16.588	2020-WF-VA2-8423	-	27,056
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020	-	5,506
<b>Total U.S. Department of Criminal Justice</b>				
			-	84,393
<b>U.S. DEPARTMENT OF LABOR</b>				
<i>Passed Through Ohio Department of Workforce Investment Act Area 7</i>				
Workforce Innovation and Opportunity Act Cluster:				
WIOA Adult Program	17.258	2020	-	81,250
WIOA Youth Activities	17.259	2018	-	35,989
WIOA Youth Activities	17.259	2019	-	57,558
WIOA Dislocated Workers	17.278	2020	-	79,752
Total Workforce Innovation and Opportunity Act Cluster			-	254,549
<b>Total U.S. Department of Labor</b>				
			-	254,549
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
<i>Passed Through Ohio Department of Transportation</i>				
Formula Grants for Rural Areas	20.509	RPT-0113-035-152	-	64,132
Federal Transit Cluster:				
Bus & Bus Facilities Formula Program	20.526	113-RPTF-16-0100	-	593,423
Total Federal Transit Cluster			-	593,423
<b>Total U.S. Department of Transportation</b>				
			-	657,555
<b>U.S. Department of Treasury</b>				
<i>Passed Through Ohio Office of Budget and Management</i>				
Coronavirus Relief Fund	21.019	2020/2021	849,226	1,534,440
<b>Total U.S. Department of Treasury</b>				
			849,226	1,534,440
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Passed Through Ohio Department of Developmental Disabilities</i>				
Special Education - Grants for Infants & Families				
Special Education - Grants for Infants & Families	84.181A	H181A180024	-	7,614
Special Education - Grants for Infants & Families	84.181A	H181A190024	-	8,087
Total Special Education - Grants for Infants & Families			-	15,701
<b>Total U.S. Department of Education</b>				
			-	15,701
<b>U.S. ELECTION ASSISTANCE COMMISSION</b>				
<i>Passed through the Office of the Ohio Secretary of State:</i>				
Help America Vote Act (HAVA) Election Security Grants:				
Help America Vote Act (HAVA) Election Security Grants	90.404	2019	-	46,872
Help America Vote Act (HAVA) Election Security Grants	90.404	2020	-	1,349
COVID-19: Help America Vote Act (HAVA) Election Security Grants	90.404	2020	-	23,068
Total Help America Vote Act (HAVA) Election Security Grants			-	71,289
<b>Total U.S. Election Assistance Commission</b>				
			-	71,289



**Morgan County**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2020**

**U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES**

Medicaid Cluster:				
<i>Passed Through Ohio Department of Developmental Disabilities</i>				
Medicaid Assistance Program	93.778	2105OH5ADM	-	35,912
Medicaid Assistance Program	93.778	2005OH5ADM	-	103,563
<i>Passed Through Ohio Department of Job &amp; Family Services</i>				
Medicaid Assistance Program	93.778	G-2021-11-5970	-	556,457
Total Medicaid Cluster			<u>-</u>	<u>695,932</u>
Social Services Block Grant:				
<i>Passed Through Ohio Department of Developmental Disabilities</i>				
Social Services Block Grant	93.667	2001OHSOSR	-	13,674
<i>Passed Through Ohio Department of Job &amp; Family Services</i>				
Social Services Block Grant	93.667	G-2021-11-5970	-	336,440
Total Social Services Block Grant			<u>-</u>	<u>350,114</u>
<i>Passed Through Ohio Department of Job &amp; Family Services</i>				
Promoting Safe and Stable Families	93.556	G-2021-11-5970	-	15,781
TANF Cluster:				
Temporary Assistance for Needy Families	93.558	G-2021-11-5970	47,360	903,941
Total TANF Cluster			<u>47,360</u>	<u>903,941</u>
Child Support Enforcement	93.563	G-2021-11-5970	-	204,867
Child Care Development Cluster:				
Child Care Development Block Grant	93.575	G-2021-11-5970	-	19,122
Total Child Care Development Cluster			<u>-</u>	<u>19,122</u>
Stephanie Tubbs Jones Child Welfare Services Program	93.645	G-2021-11-5970	-	47,763
Foster Care - Title IV-E	93.658	G-2021-11-5970	-	257,243
Adoption Assistance	93.659	G-2021-11-5970	-	11,189
Children's Health Insurance Program	93.767	G-2021-11-5970	-	157,960
<i>Passed Through Buckeye Hills Regional Council</i>				
Aging Cluster:				
Special Programs for the Aging, Title III B, Part B	93.044	N/A	-	44,990
COVID-19 Special Programs for the Aging, Title III B, Part B	93.044	2020/2021	-	21,504
Total Aging Cluster			<u>-</u>	<u>66,494</u>
<b>Total U.S. Department of Health and Human Services</b>			<b><u>47,360</u></b>	<b><u>2,730,406</u></b>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
<i>Passed Through Ohio Emergency Management Agency</i>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters):				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-DR-4360-OH	-	201,922
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-DR-4424-OH	-	179,704
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)			<u>-</u>	<u>381,626</u>
Emergency Management Performance Grants	97.042	EMC-2019-EP-00008-S01	-	21,509
<b>Total U.S. Department of Homeland Security</b>			<b><u>-</u></b>	<b><u>403,135</u></b>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 896,586</u></b>	<b><u>\$ 6,514,798</u></b>

## MORGAN COUNTY

### NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2020

#### NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of **Morgan County** (the County) under programs of the federal government for the year ended December 31, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position or changes in net position of the County.

#### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

#### NOTE C – INDIRECT COST RATE

The County has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

#### NOTE D – SUBRECIPIENTS

The County passes certain Federal awards received from the Ohio Office of Budget and Management and the Ohio Department of Job and Family Services to other governments or not-for-profit agencies (subrecipients). As Note B describes the County reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the County has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

#### NOTE E – COMMUNITY DEVELOPMENT BLOCK GRANT AND HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) GRANT PROGRAMS WITH REVOLVING LOAN CASH BALANCE

The current cash balance on the County's local program income account as of December 31, 2020 is \$71,649.

#### NOTE F – MATCHING REQUIREMENTS

Certain Federal programs require the County to contribute non-Federal funds (matching funds) to support the Federally funded programs. The County has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Morgan County  
155 East Main Street  
McConnelsville, Ohio 43756

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States’ *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Morgan County**, Ohio (the County) as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements and have issued our report thereon dated May 25, 2023, wherein we noted the County uses a special purpose framework other than generally accepted accounting principles. We also noted the County adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. In addition, we noted the financial impact of COVID-19 and the related emergency measures that may impact subsequent periods of the County.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the County’s internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the County’s internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the County’s financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider findings 2020-002 and 2020-003 to be material weaknesses.

***Compliance and Other Matters***

As part of reasonably assuring whether the County’s financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as items 2020-001 and 2020-002.

***County's Responses to Findings***

The County's response to the findings identified in our audit are described in the accompanying corrective action plan. We did not subject the County's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results and does not opine on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



**Perry and Associates**  
Certified Public Accountants, A.C.  
*Marietta, Ohio*

May 25, 2023



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL  
CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Morgan County  
155 East Main Street  
McConnelsville, Ohio 43756

To the Board of Commissioners:

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

We have audited **Morgan County’s** (the County) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of the County’s major federal programs for the year ended December 31, 2020. The *Summary of Auditor’s Results* in the accompanying schedule of audit findings identifies the County’s major federal programs.

***Management’s Responsibility***

The County’s Management is responsible for complying with the requirements of laws, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor’s Responsibility***

Our responsibility is to opine on the County’s compliance for each of the County’s major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States’ *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the County’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on each of the County’s major programs. However, our audit does not provide a legal determination of the County’s compliance.

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

In our opinion, Morgan County complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2020.

**Report on Internal Control Over Compliance**

The County's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the County's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the County's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. 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 federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement 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 would not necessarily 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.

This report only describes the scope of our internal control compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

May 25, 2023

**MORGAN COUNTY**  
**SCHEDULE OF AUDIT FINDINGS**  
**2 CFR § 200.515**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs:</b> <ul style="list-style-type: none"> <li>• Temporary Assistance for Needy Families (TANF) - AL #93.558</li> <li>• Medical Assistance Program – AL #93.778</li> <li>• Coronavirus Relief Fund – AL #21.019</li> </ul>	
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

**FINDING NUMBER 2020-001**

**Noncompliance**

**Ohio Revised Code Section 117.38** provides, in part, that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit the report on the form utilized by the public office.

**Ohio Administrative Code Section 117-2-03(B)** which further clarifies the requirements of Ohio Revised Code Section 117.38, requires the County to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

**MORGAN COUNTY**  
**SCHEDULE OF AUDIT FINDINGS**  
**2 CFR § 200.515**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS</b> <b>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2020-001 (Continued)**

The County prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the cash basis of accounting rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

Pursuant to Ohio Revised Code Section 117.38 the County may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the County's ability to evaluate and monitor the overall financial condition of the County. To help provide the users with more meaningful financial statements, the County should prepare its annual financial statements according to generally accepted accounting principles.

**Officials' Response:** See Corrective Action Plan

**FINDING NUMBER 2020-002**

**Noncompliance/Material Weakness**

**Ohio Revised Code Section 5705.10(I)** requires that money paid into any fund shall be used only for the purposes for which such fund is established. Therefore, a negative fund cash balance in any fund indicates that money from another fund or funds has been used to pay the obligations of the fund carrying the deficit balance.

Per review of the Statement of Cash Position at December 31, 2020, we observed the following funds had negative fund balances:

Fund	Fund Balance
Ambulance	\$ (1,177,185)
Victim Witness Assistance Program	(35,300)

Per review of the Statement of Cash Position at June 30, 2020, we observed the following funds had negative balances:

Fund	Fund Balance
Job and Family Services	\$ (415,547)
Morgan County Public Transportation	(201,520)
Ambulance	(1,158,515)
Victim Witness Assistance Program	(24,421)
Workforce Investment Act	(946,647)

Negative fund balances could result in the use of restricted receipts for unallowable purposes. A procedure and control, such as the County or Commissioner's periodic review of reports that show cash fund balances and budget versus actual receipts and disbursements, should be implemented to identify those funds that may potentially develop a negative balance. Advances or transfers should be made for these funds or appropriations modified to prevent a negative cash balance. The County should refer to Ohio Compliance Supplement (OCS) Chapter 1 and/or Auditor of State bulletin 97-003 for information regarding the accounting treatment and approval process for advances.

**Officials' Response –** See Corrective Action Plan.



**MORGAN COUNTY**  
**SCHEDULE OF AUDIT FINDINGS**  
**2 CFR § 200.515**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS**  
**REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

**FINDING 2020-003**

**Material Weakness**

**Financial Reporting**

During the course of our audit, we identified misstatements in the financial statements that were not initially identified by the County's internal control over financial reporting. A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. In this case, the internal controls over the preparation and review of the County's financial statements did not operate as designed. The County contracts with a third-party consultant to prepare its year-end financial statements. While the County may rely on the consultant to provide technical assistance and financial statement preparation, it is still the responsibility of the County to review the financial statements prepared by the consultant for errors and omissions.

The County utilized the Coronavirus Relief Fund (CRF) grants for various purposes, including purchases for the General Fund and reimbursing the General Fund for CRF eligible expenditures made from it. An adjustment was required to remove the receipt of CRF funds into the General Fund that were already received into the CRF Fund, and to reduce expenditures for the reimbursement in the General Fund.

We recommend the County enhance its internal controls over financial reporting with steps such as management's review of conversion documents for completeness and accuracy and improved communication with hired consultants to ensure the preparation of complete, accurate, and reliable financial statements in conformity with generally accepted accounting principles.

**Officials' Response** – See Corrective Action Plan.

**3. FINDINGS FOR FEDERAL AWARDS**

None

**MORGAN COUNTY  
SCHEDULE OF PRIOR AUDIT FINDINGS  
2 CFR § 200.511(b)  
FOR THE YEAR ENDED DECEMBER 31, 2020**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2019-001	ORC Section 117.38 – Failure to file financial statements in accordance with Generally Accepted Accounting Principles.	Not Corrected	Reissued as Finding 2020-001, County feels GAAP reporting is not cost-effective.
2019-002	ORC Section 5705.10(l) – Negative fund balances.	Not Corrected	Reissued as Finding 2020-002.



**RANDY WILLIAMS  
MORGAN COUNTY AUDITOR**

155 E. Main St. · Room 217  
McConnelsville, Ohio 43756  
740-962-4475




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Deputy Auditors:    Jessica Conner                                  Jenny Cordray                                  Courtney Morrow                                  Michelle Shaw

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**CORRECTIVE ACTION PLAN  
2 CFR § 200.511(c)  
FOR THE YEAR ENDED DECEMBER 31, 2020**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2020-001	We realize that we are in noncompliance with GAAP reporting and hope that the State of Ohio will understand that we are a small county, and it is cost prohibitive for us to institute GAAP processing.	In Process	Randy Williams, County Auditor
2020-002	The deficit balance for the Ambulance Fund is being reduced as the levy monies come in and should be resolved by the end of 2024. The deficit balance in the Victim's Witness Assistance Program Fund will be addressed with the Prosecutor and a resolution should be achieved by the end of 2024.	December 31, 2024	Randy Williams, County Auditor
2020-003	The consultant has been notified of the issues involving the financial statements and steps will be taken in the future to avoid misstatements.	In Process	Randy Williams, County Auditor

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# OHIO AUDITOR OF STATE KEITH FABER



**MORGAN COUNTY**

## **AUDITOR OF STATE OF OHIO CERTIFICATION**

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



**Certified for Release 8/31/2023**

88 East Broad Street, Columbus, Ohio 43215  
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)