



MORGAN COUNTY
SINGLE AUDIT
FOR THE YEAR ENDED DECEMBER 31, 2022



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

Board of Commissioners
Morgan County
155 East Main Street
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, 2022 through December 31, 2022. 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

April 18, 2025

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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 Audit of 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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Morgan County, Ohio as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Job and Family Services, Motor Vehicle and Gasoline Tax, Board of Developmental Disabilities, and American Rescue Plan Act Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter - Accounting Basis

Ohio Administrative Code § 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 of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statement

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and Government Auditing Standards, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Schedule of Expenditures of Federal Awards (the Schedule) 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 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2024 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

December 6, 2024

Morgan County, Ohio
Statement of Net Position - Cash Basis
December 31, 2022

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Investments	\$ 16,912,075
Cash and Cash Equivalents in Segregated Accounts	106,509
Cash and Cash Equivalents with Fiscal Agents	<u>101,144</u>
<i>Total Assets</i>	<u>17,119,728</u>
Liabilities	
Net Position	
Restricted for:	
Job and Family Services	338,574
Motor Vehicle and Gas Tax	3,245,991
Board of Developmental Disabilities	2,631,690
Emergency Services	588,362
Real Estate Assessments	836,970
Economic Development	757,844
Senior Citizen Services	266,270
Child Support Enforcement	278,956
Childrens Services	1,150,910
County Court Special Projects	351,436
Court	539,088
Corrections	479,743
Dog and Kennel	52,444
Public Works	169,075
Public Safety	90,097
Health	7,562
Federal Grant Program	2,425,994
Other Purposes	2,399
Unrestricted	<u>2,906,323</u>
<i>Total Net Position</i>	<u>\$ 17,119,728</u>

See accompanying notes to the basic financial statements.

Morgan County, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2022

	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	
			Governmental Activities	General Receipts	Change in Net Position	
General Government						
Legislative and Executive	\$ 2,544,759	\$ 1,339,723	\$ 16,394	\$ -	\$ (1,188,642)	
Judicial	1,382,244	207,364	34,109	-	(1,140,771)	
Public Safety	3,323,938	391,176	436,994	-	(2,495,768)	
Public Health	1,765,262	40,541	407,503	-	(1,317,218)	
Human Services	5,323,065	172,940	5,081,706	-	(68,419)	
Community and Economic Developme	3,081,530	114,388	2,898,138	-	(69,004)	
Public Works	7,253,628	698,021	5,239,779	1,155,839	(159,989)	
Debt Service						
Principal Retirement	388,408	-	-	-	(388,408)	
Interest and Fiscal Charges	49,999	-	-	-	(49,999)	
<i>Total</i>	<u><u>\$ 25,112,833</u></u>	<u><u>\$ 2,964,153</u></u>	<u><u>\$ 14,114,623</u></u>	<u><u>\$ 1,155,839</u></u>	<u><u>(6,878,218)</u></u>	

General Receipts

Property Taxes Levied for:

General Purposes	1,284,862
Board of Development Disabilities	711,034
Senior Citizens Services	176,961
Children Services	187,948
Ambulance Services	1,179,763
Permissive Sales Taxes Levied for General Purposes	2,034,435
Grants and Entitlements not Restricted to Specific Programs	2,335,259
Payments in Lieu of Taxes	12,449
Other Local Taxes	69,058
Proceeds from Sale of Assets	3,825
Proceeds of OPWC Loans	117,419
Proceeds of OWDA Loans	220,588
Investment Earnings	294,625
Miscellaneous	<u>475,336</u>

Total General Receipts

9,103,562

Change in Net Position

2,225,344

Net Position Beginning of Year

14,894,384

Net Position End of Year

\$ 17,119,728

See accompanying notes to the basic financial statements.

Morgan County, Ohio
Statement of Cash Basis Assets and Fund Balance
Governmental Funds
December 31, 2022

	General	Job and Family Services Fund	Motor Vehicle and Gasoline Tax Fund	Board of Developmental Disabilities Fund	American Rescue Plan Act Fund	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$ 2,636,487	\$ 338,574	\$ 3,245,991	\$ 2,530,546	\$ 2,425,994	\$ 5,603,103	\$ 16,780,695
Cash and Cash Equivalents in Segregated Accounts	102,428	-	-	-	-	4,081	106,509
Cash and Cash Equivalents with Fiscal Agents	-	-	-	101,144	-	-	101,144
<i>Total Assets</i>	<u>\$ 2,738,915</u>	<u>\$ 338,574</u>	<u>\$ 3,245,991</u>	<u>\$ 2,631,690</u>	<u>\$ 2,425,994</u>	<u>\$ 5,607,184</u>	<u>\$ 16,988,348</u>
Fund Balances							
Restricted	-	338,574	3,245,991	2,631,690	2,425,994	5,571,156	14,213,405
Committed	-	-	-	-	-	36,028	36,028
Assigned	437,605	-	-	-	-	-	437,605
Unassigned	<u>2,301,310</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,301,310</u>
<i>Total Fund Balance</i>	<u>\$ 2,738,915</u>	<u>\$ 338,574</u>	<u>\$ 3,245,991</u>	<u>\$ 2,631,690</u>	<u>\$ 2,425,994</u>	<u>\$ 5,607,184</u>	<u>\$ 16,988,348</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 2,738,915</u>	<u>\$ 338,574</u>	<u>\$ 3,245,991</u>	<u>\$ 2,631,690</u>	<u>\$ 2,425,994</u>	<u>\$ 5,607,184</u>	<u>\$ 16,988,348</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, 2022*

Total Governmental Fund Balances	\$ 16,988,348
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Amounts reported for governmental activities in the statement of net position are different because:

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.

131,380

<i>Net Position of Governmental Activities</i>	<u>\$ 17,119,728</u>
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Morgan County, Ohio
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2022

	General	Job and Family Services Fund	Motor Vehicle and Gasoline Tax Fund	Board of Developmental Disabilities Fund	American Rescue Plan Act Fund	Other Governmental Funds	Total Governmental Funds
Receipts							
Property Taxes	\$ 1,284,862	\$ -	\$ -	\$ 711,034	\$ -	\$ 1,544,672	\$ 3,540,568
Sales Taxes	2,034,435	-	-	-	-	-	2,034,435
Other Local Taxes	-	-	-	-	-	69,058	69,058
Payments in Lieu of Taxes	12,449	-	-	-	-	-	12,449
Charges for Services	782,577	-	692,044	-	-	1,049,313	2,523,934
Licenses and Permits	875	-	-	-	-	57,637	58,512
Fines and Forfeitures	33,356	-	2,377	-	-	74,866	110,599
Intergovernmental	876,254	3,748,310	5,046,423	398,938	1,459,005	6,046,566	17,575,496
Investment Income	294,625	-	20,013	-	-	1,647	316,285
Rent	31,781	-	-	-	-	239,327	271,108
Contributions and Donations	-	-	-	8,565	-	-	8,565
Miscellaneous	80,474	22,304	6	183,255	-	189,297	475,336
<i>Total Receipts</i>	<i>5,431,688</i>	<i>3,770,614</i>	<i>5,760,863</i>	<i>1,301,792</i>	<i>1,459,005</i>	<i>9,272,383</i>	<i>26,996,345</i>
Disbursements							
Current:							
General Government							
Legislative and Executive	1,823,717	-	-	-	279,189	428,613	2,531,519
Judicial	1,265,682	-	-	-	-	116,562	1,382,244
Public Safety	1,776,524	-	-	-	53,874	1,493,540	3,323,938
Public Health	7,455	-	-	1,683,486	57,499	16,822	1,765,262
Human Services	199,172	3,748,169	-	-	-	1,375,724	5,323,065
Community and Economic Development	-	-	-	-	-	3,081,530	3,081,530
Public Works	-	-	5,790,742	-	51,454	1,411,432	7,253,628
Debt Service:							
Principal Retirement	17,183	-	62,528	-	-	308,697	388,408
Interest and Fiscal Charges	1,703	-	6,210	-	-	42,086	49,999
<i>Total Disbursements</i>	<i>5,091,436</i>	<i>3,748,169</i>	<i>5,859,480</i>	<i>1,683,486</i>	<i>442,016</i>	<i>8,275,006</i>	<i>25,099,593</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>340,252</i>	<i>22,445</i>	<i>(98,617)</i>	<i>(381,694)</i>	<i>1,016,989</i>	<i>997,377</i>	<i>1,896,752</i>
Other Financing Sources (Uses)							
Proceeds from Sale of Assets	3,825	-	-	-	-	-	3,825
Proceeds of OPWC Loans	-	-	117,419	-	-	-	117,419
Proceeds of OWDA Loans	-	-	-	-	-	220,588	220,588
Advances In	988,619	-	-	-	-	775,710	1,764,329
Advances Out	(775,710)	-	-	-	-	(988,619)	(1,764,329)
Transfers In	-	39,964	-	-	-	5,000	44,964
Transfers Out	(51,816)	-	-	-	-	-	(51,816)
<i>Total Other Financing Sources (Uses)</i>	<i>164,918</i>	<i>39,964</i>	<i>117,419</i>	<i>-</i>	<i>-</i>	<i>12,679</i>	<i>334,980</i>
<i>Net Change in Fund Balances</i>	<i>505,170</i>	<i>62,409</i>	<i>18,802</i>	<i>(381,694)</i>	<i>1,016,989</i>	<i>1,010,056</i>	<i>2,231,732</i>
<i>Fund Balances Beginning of Year</i>	<i>2,233,745</i>	<i>276,165</i>	<i>3,227,189</i>	<i>3,013,384</i>	<i>1,409,005</i>	<i>4,597,128</i>	<i>14,756,616</i>
<i>Fund Balances End of Year</i>	<i>\$ 2,738,915</i>	<i>\$ 338,574</i>	<i>\$ 3,245,991</i>	<i>\$ 2,631,690</i>	<i>\$ 2,425,994</i>	<i>\$ 5,607,184</i>	<i>\$ 16,988,348</i>

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, 2022*

Net Change in Fund Balances - Total Governmental Funds	\$ 2,231,732
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Amounts reported for governmental activities in the statement of activities are different because:

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.

(6,388)

<i>Change in Net Position of Governmental Activities</i>	<u>\$ 2,225,344</u>
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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, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Receipts				
Property Taxes	\$ 1,008,000	\$ 1,008,000	\$ 1,284,862	\$ 276,862
Sales Taxes	1,500,000	1,500,000	2,034,435	534,435
Payments in Lieu of Taxes	3,900	3,900	12,449	8,549
Charges for Services	800,716	601,200	782,577	181,377
Licenses and Permits	300	300	875	575
Fines and Forfeitures	16,000	16,000	33,356	17,356
Intergovernmental	624,710	624,710	876,254	251,544
Investment Income	175,600	175,600	294,576	118,976
Rent	25,000	25,000	31,781	6,781
Miscellaneous	70,750	70,750	80,474	9,724
<i>Total Receipts</i>	<i>4,224,976</i>	<i>4,025,460</i>	<i>5,431,639</i>	<i>1,406,179</i>
Disbursements				
Current:				
General Government				
Legislative and Executive	1,497,965	1,766,401	1,833,235	(66,834)
Judicial	1,396,110	1,291,539	1,263,345	28,194
Public Safety	1,996,305	1,625,782	1,817,018	(191,236)
Public Health	8,980	39,336	9,374	29,962
Human Services	237,763	214,549	222,346	(7,797)
Debt Service:				
Principal Retirement	17,183	17,183	17,183	-
Interest and Fiscal Charges	1,703	1,703	1,703	-
<i>Total Disbursements</i>	<i>5,156,009</i>	<i>4,956,493</i>	<i>5,164,204</i>	<i>(207,711)</i>
<i>Excess of Receipts Over (Under) Disbursements</i>	<i>(931,033)</i>	<i>(931,033)</i>	<i>267,435</i>	<i>1,198,468</i>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	-	-	3,825	3,825
Advances In	-	-	5,130	5,130
Advances Out	(17,898)	(17,898)	(17,898)	-
Transfers In	-	-	88,705	88,705
Transfers Out	(51,816)	(51,816)	(51,816)	-
<i>Total Other Financing Sources (Uses)</i>	<i>(69,714)</i>	<i>(69,714)</i>	<i>27,946</i>	<i>97,660</i>
<i>Net Change in Fund Balance</i>	<i>(1,000,747)</i>	<i>(1,000,747)</i>	<i>295,381</i>	<i>1,296,128</i>
<i>Fund Balance Beginning of Year</i>	<i>1,491,209</i>	<i>1,491,209</i>	<i>1,491,209</i>	<i>-</i>
Prior Year Encumbrances Appropriated	21,824	21,824	21,824	-
<i>Fund Balance End of Year</i>	<i>\$ 512,286</i>	<i>\$ 512,286</i>	<i>\$ 1,808,414</i>	<i>\$ 1,296,128</i>

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, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget
	Original	Final	Actual	
Receipts				
Intergovernmental	\$ 1,326,129	\$ 1,314,182	\$ 3,748,310	\$ 2,434,128
Miscellaneous	7,653	20,000	22,304	2,304
<i>Total Receipts</i>	<u>1,333,782</u>	<u>1,334,182</u>	<u>3,770,614</u>	<u>2,436,432</u>
Disbursements				
Current:				
Human Services	4,255,759	4,285,759	3,808,340	477,419
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(2,921,977)</u>	<u>(2,951,577)</u>	<u>(37,726)</u>	<u>2,913,851</u>
Other Financing Sources (Uses)				
Transfers In	39,964	39,564	39,964	400
<i>Net Change in Fund Balance</i>	<u>(2,882,013)</u>	<u>(2,912,013)</u>	<u>2,238</u>	<u>2,914,251</u>
<i>Fund Balance Beginning of Year</i>	8,182	8,182	8,182	-
Prior Year Encumbrances Appropriated	47,759	47,759	47,759	-
<i>Fund Balance End of Year</i>	<u>\$ (2,826,072)</u>	<u>\$ (2,856,072)</u>	<u>\$ 58,179</u>	<u>\$ 2,914,251</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)*
Motor Vehicle and Gasoline Tax Fund
For the Year Ended December 31, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Receipts				
Charges for Services	\$ 1,105,818	\$ 470,016	\$ 692,044	\$ 222,028
Fines and Forfeitures	3,798	4,972	2,377	(2,595)
Intergovernmental	8,063,686	8,701,895	5,046,423	\$ (3,655,472)
Investment Income	31,979	28,398	20,013	(8,385)
Miscellaneous	-	-	6	6
<i>Total Receipts</i>	<u>9,205,281</u>	<u>9,205,281</u>	<u>5,760,863</u>	<u>(3,444,418)</u>
Disbursements				
Current:				
Public Works	7,232,730	7,232,910	6,061,101	1,171,809
Debt Service:				
Principal Retirement	62,528	62,528	62,528	-
Interest and Fiscal Charges	6,210	6,210	6,210	-
<i>Total Disbursements</i>	<u>7,301,468</u>	<u>7,301,648</u>	<u>6,129,839</u>	<u>1,171,809</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,903,813</u>	<u>1,903,633</u>	<u>(368,976)</u>	<u>(2,272,609)</u>
Other Financing Sources (Uses)				
Proceeds of OPWC Loans	117,419	117,419	117,419	-
<i>Net Change in Fund Balance</i>	<u>2,021,232</u>	<u>2,021,052</u>	<u>(251,557)</u>	<u>(2,272,609)</u>
<i>Fund Balance Beginning of Year</i>	<u>2,697,990</u>	<u>2,697,990</u>	<u>2,697,990</u>	<u>-</u>
Prior Year Encumbrances Appropriated	167,968	167,968	167,968	-
<i>Fund Balance End of Year</i>	<u>\$ 4,887,190</u>	<u>\$ 4,887,010</u>	<u>\$ 2,614,401</u>	<u>\$ (2,272,609)</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, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Receipts				
Property Taxes	\$ 1,082,500	\$ 1,082,500	\$ 711,034	\$ (371,466)
Intergovernmental	339,671	339,671	398,938	59,267
Contributions and Donations	-	-	8,565	8,565
Miscellaneous	100,000	100,000	183,255	83,255
<i>Total Receipts</i>	<u>1,522,171</u>	<u>1,522,171</u>	<u>1,301,792</u>	<u>(220,379)</u>
Disbursements				
Current:				
Public Health	1,400,600	1,400,600	1,730,010	(329,410)
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>121,571</u>	<u>121,571</u>	<u>(428,218)</u>	<u>(549,789)</u>
<i>Net Change in Fund Balance</i>	<u>121,571</u>	<u>121,571</u>	<u>(428,218)</u>	<u>(549,789)</u>
<i>Fund Balance Beginning of Year</i>	2,956,545	2,956,545	2,956,545	-
Prior Year Encumbrances Appropriated	26,600	26,600	26,600	-
<i>Fund Balance End of Year</i>	<u>\$ 3,104,716</u>	<u>\$ 3,104,716</u>	<u>\$ 2,554,927</u>	<u>\$ (549,789)</u>

See accompanying notes to the basic financial statements.

Morgan County, Ohio
*Statement of Receipts, Disbursements and Changes in
 In Cash Basis Fund Balance - Budget and Actual (Budget Basis)*
American Rescue Plan Act Fund
For the Year Ended December 31, 2022

	<u>Budgeted Amounts</u>			Variance with Final Budget
	Original	Final	Actual	
Receipts				
Intergovernmental	\$ 1,409,005	\$ 1,409,005	\$ 1,459,005	\$ 50,000
Disbursements				
Current:				
General Government				
Legislative and Executive	889,965	889,965	279,189	610,776
Public Safety	171,733	171,733	53,874	117,859
Public Health	183,288	164,019	57,499	106,520
Public Works	164,019	183,288	51,454	131,834
<i>Total Expenditures</i>	<u>1,409,005</u>	<u>1,409,005</u>	<u>442,016</u>	<u>966,989</u>
<i>Net Change in Fund Balance</i>	-	-	1,016,989	1,016,989
<i>Fund Balance Beginning of Year</i>	<u>1,409,005</u>	<u>1,409,005</u>	<u>1,409,005</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 1,409,005</u>	<u>\$ 1,409,005</u>	<u>\$ 2,425,994</u>	<u>\$ 1,016,989</u>

See accompanying notes to the basic financial statements.

Morgan County, Ohio
Statement of Fund Net Position - Cash Basis
Proprietary Funds
December 31, 2022

	Governmental Activities
	Internal Service Funds
<hr/>	
Assets	
<i>Current Assets:</i>	
Equity in Pooled Cash and Investments	\$ 131,380
<i>Total Current Assets</i>	<hr/> 131,380
<hr/>	
Net Position	
Unrestricted	<hr/> 131,380
<i>Total Net Position</i>	<u>\$ 131,380</u>

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, 2022

	Governmental Activities
	<u>Internal Service Funds</u>
Operating Receipts	
Charges for Services	<u>\$ 208,832</u>
<i>Total Operating Receipts</i>	<u>208,832</u>
Operating Disbursements	
Contractual Services	<u>222,072</u>
<i>Total Operating Disbursements</i>	<u>222,072</u>
<i>Income (Loss) Before Transfers</i>	(13,240)
Transfers In	<u>6,852</u>
<i>Change in Net Position</i>	(6,388)
<i>Net Position Beginning of Year</i>	<u>137,768</u>
<i>Net Position End of Year</i>	<u>\$ 131,380</u>

See accompanying notes to the basic financial statements.

Morgan County, Ohio
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Funds
December 31, 2022

	Custodial
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 1,631,602
Cash and Cash Equivalents in Segregated Accounts	<u>193,311</u>
<i>Total Assets</i>	<u>1,824,913</u>
 Net Position	
Restricted for Individuals, Organizations, and Other Governments	1,824,913
<i>Total Net Position</i>	<u>\$ 1,824,913</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, 2022

	<u>Custodial</u>
Additions	
Intergovernmental	16,719,604
Amounts Received as Fiscal Agent	1,143,048
Licenses, Permits & Fees for Other Governments	741,245
Fines & Forfeitures for Other Governments	57,113
Property Tax Collections for Other Governments	500,156
Sheriff Sale Collections for Other Governments	<u>40,459</u>
<i>Total Additions</i>	<u>19,201,625</u>
Deductions	
Distributions as Fiscal Agent	1,172,056
Distributions of State Funds to Other Governments	16,589,747
Licenses, Permits & Fees Distributions to Other Governments	750,702
Fines & Forfeitures Distributions to Other Governments	14,667
Property Tax Distributions to Other Governments	393,994
Sheriff Sale Distributions to Other Governments	<u>34,665</u>
<i>Total Deductions</i>	<u>18,955,831</u>
<i>Change in Net Position</i>	245,794
<i>Net Position Beginning of Year</i>	<u>1,579,119</u>
<i>Net Position End of Year</i>	<u>\$ 1,824,913</u>

See accompanying notes to the basic financial statements.

Morgan County, Ohio
Notes to the Basic Financial Statements
December 31, 2022

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:

Morgan County Health District The Health District is governed by the Board of Health which oversees the operation of the Health District and is elected by a regional advisory Health District 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 Health 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 Soil and Water Conservation District. The supervisors adopt their own budget, authorize Soil and Water Conservation 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, 2022

The County is associated with certain organizations which are defined as jointly governed organizations and a joint venture. The organizations are:

Jointly Governed Organizations

A. Buckeye Hills Regional Council

The Buckeye Hills Regional Council (the 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 (the 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. Although the County contributed amounts to the District at the time of its creation, no additional contributions by the County are anticipated. The Board of Directors 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 of Directors. 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.

C. Morgan County Family and Children First Council

The Morgan County Family and Children First Council (the Council) provide services to multi-need youth in Morgan County. Members of the Council include the Morgan County Health Department, the Regional Office of Youth Services, the Morgan County Juvenile Court, the Morgan County Mental

Morgan County, Ohio
Notes to the Basic Financial Statements
December 31, 2022

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 advisory committee 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 advisory committee. 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.

C. Washington-Morgan Community Action Corporation

The Community Action Program Corporation (the 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 Childrens' 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.

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

Morgan County, Ohio
Notes to the Basic Financial Statements
December 31, 2022

Coshcocton, 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, Coshcocton, 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 Board of Developmental Disabilities and MEORC to provide supported living services or housing to eligible persons in the member counties. The MEORC 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 MEORC 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.

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

Morgan County, Ohio
Notes to the Basic Financial Statements
December 31, 2022

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.

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.

Morgan County, Ohio
Notes to the Basic Financial Statements
December 31, 2022

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.

American Rescue Plan Act Fund - The American Rescue Plan Act Fund is used to account for monies received from the federal government to support response and recovery from the COVID-19 public health emergency.

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, 2022

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.

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.

Morgan County, Ohio
Notes to the Basic Financial Statements
December 31, 2022

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 the year amounted to \$294,625, which includes \$228,301 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 (including the intangible right to use) when entering into a lease or financed purchase transaction is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments and financed purchase payments are reported when paid.

K. Leases

The County is the lessor/lessee (as defined by GASB 87) in several leases related to buildings under noncancelable leases. Lease receivables are not reflected under the County’s cash basis of accounting. Lease revenue is recognized when they are received.

Morgan County, Ohio
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L. 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.

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.

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M. 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.

N. 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.

O. 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

For the year ended December 31, 2022, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, GASB Statement No. 91, *Conduit Debt Obligations*, GASB Statement No. 92, *Omnibus 2020*, a certain provision of GASB Statement No. 93, *Replacement of Interbank Offered Rates*, certain provisions of GASB Statement No. 97, *Component Unit Criteria and Deferred Compensation Plans*, and certain provisions of GASB Statement No. 99, *Omnibus 2022*.

GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. These changes were incorporated in the County's 2022 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the County.

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GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the County.

GASB Statement No. 93 addresses accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The implementation of paragraph 11b of GASB Statement No. 93 did not have an effect on the financial statements of the County.

GASB Statement No. 97 results in more consistent financial reporting of defined contribution pension plans, defined contribution OPEB plans, and other employee benefit plans, while mitigating the costs associated with reporting those plans. The implementation of certain provisions of GASB Statement No. 97 (all except paragraphs 4 and 5) did not have an effect on the financial statements of the County.

GASB Statement No. 99 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of certain provisions of GASB Statement No. 99 that relate to extension of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, and pledges of future revenues by pledging governments, did not have an effect on the financial statements of the County.

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.

Contrary to Ohio law, appropriation authority exceeded estimated resources in the General, Recorders Equipment, Jobs and Family Services, and Gasoline and Motor Vehicles Tax Funds by \$181,127, \$191,589, \$2,870,649 and \$1,027,208, respectively, for the year ended December 31, 2022.

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:

- a. 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;

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- b. 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;
- c. 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;
- d. 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;
- e. 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;
- f. 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;
- g. The State Treasurer's investment pool (STAR Ohio);
- h. 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;
- i. Up to forty percent of the County's average portfolio, if training requirements have been met in either of the following:
 - i. 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.
 - ii. Bankers acceptances of banks that are insured by the federal deposit insurance corporation and that mature not later than 180 days after purchase.
- j. 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;
- k. 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,

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1. 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, 2022, the County's Board of Developmental Disabilities Fund had a cash balance of \$101,144 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 \$4,302 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, \$11,570,275 of the County's total bank balance \$12,284,376 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).

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).

Morgan County, Ohio
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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:

	General	Job and Family Services	Motor Vehicle & Gasoline Tax	Board of Developmental Disabilities	American Rescue Plan Act
Cash Basis	\$ 505,170	\$ 62,409	\$ 18,802	\$ (381,694)	\$ 1,016,989
Beginning of Year:					
Cash in Segregated Accounts	106,909	-	-	-	-
Custodial Fund Cash Allocation	1,593,607	220,224	361,231	30,239	-
End of Year:					
Cash in Segregated Accounts	(102,428)				-
Custodial Fund Cash Allocation	(1,497,480)	(229,130)	(432,089)	(36,054)	-
Advances In	(983,489)	-	-	-	-
Advances Out	757,812	-	-	-	-
Funds Budgeted Elsewhere *	(49)	-	-	-	-
Adjustment for Encumbrances	<u>(84,671)</u>	<u>(51,265)</u>	<u>(199,501)</u>	<u>(40,709)</u>	<u>-</u>
Budget Basis	<u>\$ 295,381</u>	<u>\$ 2,238</u>	<u>\$ (251,557)</u>	<u>\$ (428,218)</u>	<u>\$ 1,016,989</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 2021 for real and public utility property taxes represents collections of the 2021 taxes.

2022 real property taxes were levied after October 1, 2022 on the assessed value as of January 1, 2022, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2022 real property taxes are collected in and intended to finance 2023.

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. 2022 public utility property taxes which became a lien December 31, 2021, are levied after October 1, 2022, and are collected in 2023 with real property taxes.

The full tax rate for all County operations for the year ended December 31, 2022, was \$13.85 per \$1,000 of assessed valuation. The assessed values of real property and public utility tangible property upon which 2021 property tax receipts were based are as follows:

Real Property	\$ 252,265,440
Public Utility Real Property	4,616,340
Public Utility Personal Property	<u>142,237,600</u>
Total Assessed Value	<u>\$ 399,119,380</u>

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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. The County contracted with the Buckeye Joint-County Self-Insurance Council, an insurance purchasing pool, (see Note 15), 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 rata share of the Council reserve fund. Current calculation of this potential residual interest is, therefore, not possible.

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.

The County participated in the County Commissioners Association of Ohio Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. 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.

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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

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions 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/OPEB plan's fiduciary net position. The net pension/OPEB liability 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.

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 funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension 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 pension liabilities within 30 years. If the pension 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 (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The net pension/net OPEB liability (asset) are not reported on the face of the financial statements, but rather are disclosed in the notes because of the use of the cash basis framework.

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

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Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – County employees, other than certified teachers and other faculty members, participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which 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 (effective January 1, 2022, the Combined Plan is no longer available for member selection), 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. 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 as per the reduced benefits adopted by SB 343 (see OPERS Annual Comprehensive Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
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
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit

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.

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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 amount of a member's pension benefit vests upon receipt of the initial benefit payment. The options for Public Safety and Law Enforcement permit early retirement under qualifying circumstances as early as age 48 with a reduced benefit.

When a benefit recipient has received benefits for 12 months, the member is eligible 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 on or after January 7, 2013, beginning in calendar year 2019, the adjustment is based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

	<u>State and Local</u>	<u>Law Enforcement</u>
2022 Statutory Maximum Contribution Rates		
Employer	14.0 %	18.1 %
Employee	10.0 %	**
2022 Actual Contribution Rates		
Employer:		
Pension	14.0 %	18.1 %
Post-employment Health Care Benefits	<u>0.0</u>	<u>0.0</u>
Total Employer	<u>14.0 %</u>	<u>18.1 %</u>
Employee	<u>10.0 %</u>	<u>13.0 %</u>

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. For 2022, the County's contractually required contribution was \$978,290.

Pension Liability

The net pension liability for OPERS was measured as of December 31, 2021, (the latest information available). The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the respective measurement dates. 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:

	<u>OPERS</u>
Proportion of the Net Pension Liability:	
Current Measurement Period	0.043535%
Prior Measurement Period	<u>0.044072%</u>
Change in Proportion	<u>-0.000537%</u>
Proportionate Share of the Net Pension Liability	\$ 3,787,721

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Actuarial Assumptions – OPERS

Actuarial valuations of an ongoing plan involve estimates of the value 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 (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, 2021, using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 7.2 percent down to 6.9 percent, for the defined benefit investments. Key actuarial assumptions and methods used in the latest actuarial valuation, prepared as of December 31, 2021, reflecting experience study results, are presented below:

<u>OPERS Traditional Plan</u>	
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.0 percent, simple
Post-January 7, 2013 Retirees	3.0 percent, simple through 2022, then 2.05 percent, simple
Investment Rate of Return	6.9 percent
Actuarial Cost Method	Individual Entry Age

Key actuarial assumptions and methods used in the prior actuarial valuation, prepared as of December 31, 2020, are presented below:

<u>OPERS Traditional Plan</u>	
Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.0 percent, simple
Post-January 7, 2013 Retirees	0.5 percent, simple through 2021, then 2.15 percent, simple
Investment Rate of Return	7.2 percent
Actuarial Cost Method	Individual Entry Age

For 2021, pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and

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females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all these tables.

For 2020, 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 the above-described tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2021, 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 for 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 15.3 percent for 2021.

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 geometric rates of return were provided by the Board's investment consultant. For each major class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized below:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	24.00%	1.03%
Domestic Equities	21.00	3.78
Real Estate	11.00	3.66
Private Equity	12.00	7.43
International Equities	23.00	4.88
Risk Parity	5.00	2.92
Other investments	4.00	2.85
Total	100.00%	4.21%

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Discount Rate The discount rate used to measure the total pension liability for the current year was 6.9 percent for the traditional plan and the combined plan. The discount rate for the prior year was 7.2 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 benefits 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 6.9 percent, as well as what the County's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
County's Proportionate Share of the Net Pension Liability (Asset)	\$ 9,986,494	\$ 3,787,721	\$ (1,370,482)

NOTE 11 – POSTEMPLOYMENT BENEFITS

Net OPEB Liability

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

Plan Description – Ohio Public Employees Retirement System

Plan Description – The Ohio Public Employees Retirement System (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 (HRA) to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS. For those retiring on or after January 1, 2015, the allowance has been determined by applying a percentage to the base allowance. The percentage applied is based on years of qualifying service credit and age when the retiree first enrolled in OPERS health care.

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Monthly allowances range between 51 percent and 90 percent of the base allowance. Those who retired prior to January 1, 2015, will have an allowance of at least 75 percent of the base allowance.

The health care 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.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

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. Members in Group A are eligible for coverage at any age with 30 or more years of qualifying service. Members in Group B are eligible at any age with 32 years of qualifying service, or at age 52 with 31 years of qualifying service. Members in Group C are eligible for coverage with 32 years of qualifying service and a minimum age of 55. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. 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' Annual Comprehensive 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 2022, 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.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2022, 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 2022 was 4.0 percent.

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Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The County had no contractually required contribution for 2022.

Net OPEB Liability (Asset)

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. The total OPEB liability used to calculate the net OPEB liability (asset) was determined by an independent 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:

	OPERS
Proportion of the Net OPEB Liability (Asset):	
Current Measurement Period	0.041492%
Prior Measurement Period	<u>0.041765%</u>
Change in Proportion	<u>-0.000273%</u>
Proportionate Share of the Net OPEB Asset	\$ (1,299,593)

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 health care costs 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 coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. In 2021, the Board's actuarial consultants conducted an experience study for the period 2016 through 2020, comparing historical assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions. The actuarial valuation used for 2021 compared to those used for 2020 are as follows:

	December 31, 2021	December 31, 2020
Wage Inflation	2.75 percent	3.25 percent
Projected Salary Increases,	2.75 to 10.75 percent	3.25 to 10.75 percent
	including wage inflation	including wage inflation
Single Discount Rate	6.00 percent	6.00 percent
Investment Rate of Return	6.00 percent	6.00 percent
Municipal Bond Rate	1.84 percent	2.00 percent
Health Care Cost Trend Rate	5.5 percent, initial	8.5 percent, initial
	3.50 percent, ultimate in 2034	3.50 percent, ultimate in 2035
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

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For 2021, pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170 percent of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all these tables.

For 2020, 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 the above-described tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2021, 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 contributions 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 14.3 percent for 2021.

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 rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Geometric)</u>
Fixed Income	34.00%	0.91%
Domestic Equities	25.00	3.78
Real Estate Investment Trust	7.00	3.71
International Equities	25.00	4.88
Risk Parity	2.00	2.92
Other investments	<u>7.00</u>	1.93
Total	<u>100.00%</u>	<u>3.45%</u>

Discount Rate A single discount rate of 6.0 percent was used to measure the OPEB liability on the measurement date of December 31, 2021. 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 1.84 percent (Fidelity Index's "20-Year Municipal GO AA Index"). 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 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the County's Proportionate Share of the Net OPEB Asset 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 asset calculated using the assumed trend rates, and the expected net OPEB asset 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 2022 is 5.50 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 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.

	Current		
	1% Decrease	Discount Rate	1% Increase
County's Proportionate Share of the Net OPEB (Asset)	\$ (764,283)	\$ (1,299,593)	\$ (1,743,909)
Current			
	1% Decrease	Trend Rate	1% Increase
	\$ (1,313,637)	\$ (1,299,593)	\$ (1,282,933)

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NOTE 12 - LONG-TERM OBLIGATIONS

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

	Outstanding 1/1/2022	Additions	Reductions	Outstanding 12/31/2022	Amounts Due Within One Year
Governmental Activities:					
<i>General Obligation Bonds:</i>					
2015 Refunding General Obligation Bonds					
Serial/Term Bonds - 2.00% to 4.25%	\$ 1,105,000	\$ -	\$ 85,000	\$ 1,020,000	\$ 85,000
<i>Direct Borrowings</i>					
2001 Tax Increment Financing Loan - 4.98%	31,088	-	3,109	27,979	3,109
Citizens National Bank Loan - 2.40%	130,856	-	31,559	99,297	32,317
First National Bank Loan - 3.20%	53,217	-	17,183	36,034	17,733
First National Bank Loan - 3.20%	95,914	-	30,969	64,945	31,960
<i>Total Loans Payable</i>	<u>311,075</u>	<u>-</u>	<u>82,820</u>	<u>228,255</u>	<u>85,119</u>
<i>OWDA Loans:</i>					
OWDA Loan - 2020	-	64,601	64,601	-	-
OWDA Loan - 2021	-	150,000	150,000	-	-
OWDA Loan - 2022	-	5,987	5,987	-	-
<i>Total OWDA Loans</i>	<u>-</u>	<u>220,588</u>	<u>220,588</u>	<u>-</u>	<u>-</u>
<i>OPWC Loans:</i>					
OPWC Loan - 2022	-	117,419	-	117,419	5,871
<i>Total Direct Borrowings</i>	<u>311,075</u>	<u>338,007</u>	<u>303,408</u>	<u>345,674</u>	<u>90,990</u>
<i>Total Governmental Activities</i>	<u>\$ 1,416,075</u>	<u>\$ 338,007</u>	<u>\$ 388,408</u>	<u>\$ 1,365,674</u>	<u>\$ 175,990</u>

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.

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) was 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.

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

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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.

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 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.

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.

In 2020, Morgan County obtained a loan in the amount of \$155,000 at an interest rate of 3.20% from First National Bank for the purchase of a track-hoe. The loan will be repaid from the Motor Vehicle and Gas Tax Fund.

In 2021, Morgan County obtained a loan in the amount of \$130,856 at an interest rate of 2.40% from Citizen's National Bank for the purchase of a mower. The loan will be repaid from the Motor Vehicle and Gas Tax Fund with repayment beginning in 2022.

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In 2022, the County entered into an interest free Ohio Public Works Commission loan in the amount of \$117,419 for road improvements which will be repaid from the Gasoline Tax Fund. In the event of default, as defined by the debt agreement, the amount of default will be subject to 8 percent interest on all amounts due from date of default. Additionally, the Lender may declare all amounts immediately due and payable or require the County treasurer to pay the amounts due from funds appropriated to the county's undivided local government fund. The lender will also be entitled to collect any cost incurred in the event of default.

In 2022, the County entered into three OWDA loans in the amount of \$150,000 each for the purpose water pollution control. As of December 31, 2022, \$64,601, \$150,000 and \$5,987 of these loans has been drawn down by the County. The County received principal forgiveness of \$64,601, \$150,000 and \$5,987.

Principal requirements to retire the debt outstanding at December 31, 2022 are as follows:

Year Ending <u>December 31,</u>	General Obligation Bonds		Direct Borrowings		OPWC
	Principal	Interest	Principal	Interest	Principal
2023	\$ 85,000	\$ 38,412	\$ 85,119	\$ 7,007	\$ 5,871
2024	90,000	36,288	87,487	4,486	11,742
2025	90,000	32,463	36,997	1,896	11,742
2026	95,000	28,637	3,109	929	11,742
2027-2031	540,000	79,688	15,543	2,322	11,742
2032	<u>120,000</u>	<u>3,900</u>	<u>-</u>	<u>-</u>	<u>64,580</u>
	<u>\$ 1,020,000</u>	<u>\$ 219,388</u>	<u>\$ 228,255</u>	<u>\$ 16,640</u>	<u>\$ 117,419</u>

NOTE 13 - INTERFUND TRANSFERS AND BALANCES

A. Transfers

During 2022 the following transfers were made:

Transfers In	Transfers Out
	General Fund
Job and Family Services	\$ 39,964
Nonmajor Governmental Funds	5,000
Internal Services - Grant Administration	<u>6,852</u>
Total	<u>\$ 51,816</u>

Transfers were made from the General Fund to various other funds to provide additional resources for current operations.

B. Balances

At December 31, 2022, the Other Non-major Governmental Funds owed the General Fund \$1,764,329 due to cash deficits and grant monies not being received prior to disbursements needing made and the purchase of a building.

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NOTE 14 - 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:

Fund	Amount
General	\$ 84,671
Job and Family Services	51,265
Motor Vehicle and Gas Tax	199,501
Board of Developmental Disabilities	40,709
Nonmajor Governmental	<u>41,440</u>
	<u><u>\$ 417,586</u></u>

NOTE 15 - INSURANCE PURCHASING POOLS

A. Buckeye Joint-County Self-Insurance Council

The Buckeye Joint-County Self-Insurance Council (the 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.

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 of Ohio 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 one member of the group executive committee in any year and each elected member shall be a County Commissioner.

Morgan County, Ohio
Notes to the Basic Financial Statements
December 31, 2022

NOTE 16 - 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	American Rescue Plan Act	Other Governmental Funds	Total
Restricted for:							
Job and Family Services	\$ -	\$ 338,574	\$ -	\$ -	\$ -	\$ -	\$ 338,574
Motor Vehicle and Gas Tax	-	-	3,245,991	-	-	-	3,245,991
Board of Developmental Disabilities	-	-	-	2,631,690	-	-	2,631,690
Emergency Services	-	-	-	-	-	588,362	588,362
Real Estate Assessments	-	-	-	-	-	836,970	836,970
Economic Development	-	-	-	-	-	757,844	757,844
Senior Citizen Services	-	-	-	-	-	266,270	266,270
Child Support Enforcement	-	-	-	-	-	278,956	278,956
Childrens Services	-	-	-	-	-	1,150,910	1,150,910
County Court Special Projects	-	-	-	-	-	351,436	351,436
Court	-	-	-	-	-	539,088	539,088
Corrections	-	-	-	-	-	479,743	479,743
Dog and Kennel	-	-	-	-	-	52,444	52,444
Public Works	-	-	-	-	-	169,075	169,075
Public Safety	-	-	-	-	-	90,097	90,097
Health	-	-	-	-	-	7,562	7,562
Federal Grant Program	-	-	-	-	2,425,994	-	2,425,994
Other Purposes	-	-	-	-	-	2,399	2,399
Total Restricted	-	338,574	3,245,991	2,631,690	2,425,994	5,571,156	14,213,405
Committed for:							
Riecker Building	-	-	-	-	-	34,789	34,789
Capital Improvements	-	-	-	-	-	1,239	1,239
Total Committed	-	-	-	-	-	36,028	36,028
Assigned for:							
Legislative and Executive	75,025	-	-	-	-	-	75,025
Public Safety	8,516	-	-	-	-	-	8,516
Human Services	1,130	-	-	-	-	-	1,130
Subsequent Year Appropriations	352,934	-	-	-	-	-	352,934
Total Assigned	437,605	-	-	-	-	-	437,605
Unassigned	2,301,310	-	-	-	-	-	2,301,310
Total Fund Balance	<u>\$ 2,738,915</u>	<u>\$ 338,574</u>	<u>\$ 3,245,991</u>	<u>\$ 2,631,690</u>	<u>\$ 2,425,994</u>	<u>\$ 5,607,184</u>	<u>\$ 16,988,348</u>

NOTE 17 - 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.

There were no claims and lawsuits pending against the County as of December 31, 2022.

Morgan County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Federal Grantor <i>Pass Through Grantor</i> <i>Program/Cluster Title</i>		Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Jobs & Family Services</i>				
SNAP Cluster:				
State Administrative Matching Grant for the Supplemental Assistance Program	10.561	G-2223-11-6968	\$ 160,711	
Total SNAP Cluster				<u>160,711</u>
Total U.S. Department of Agriculture				
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Passed Through Ohio Development Services Agency</i>				
Community Development Block Grant - State's Program:				
CDBG Formula	14.228	B-F-19-1CA-1	698,999	
Community Housing Impact & Preservation	14.228	B-C-19-1CA-1	57,459	
Residential Public Infrastructure	14.228	B-W-19-1CA-1	120,000	
Target of Opportunity Program	14.228	B-D-20-1CA-4	52,903	
Total Community Development Block Grant - State's Program				<u>929,361</u>
Home Investment Partnership Program	14.239	BC-19-1CA-2		<u>123,255</u>
Total U.S. Department of Housing and Urban Development				
U.S. DEPARTMENT OF CRIMINAL JUSTICE				
<i>Passed Through Ohio Department of Public Safety</i>				
Crime Victim Assistance:				
Crime Victim Assistance:	16.575	2023-VOCA-198150	8,250	
Crime Victim Assistance:	16.575	2022-VOCA-198150	29,992	
Total Crime Victim Assistance				<u>38,242</u>
Violence Against Women Formula Grants	16.588	N/A		<u>29,873</u>
Officer Overtime Grant	16.738	N/A		<u>48</u>
Total U.S. Department of Criminal Justice				
U.S. DEPARTMENT OF LABOR				
<i>Passed Through Ohio Department of Workforce Investment Act Area 7</i>				
Workforce Innovation and Opportunity Act Cluster:				
WIOA Adult Program	17.258	N/A	150,563	
WIOA Youth Activities	17.259	2020	59,668	
WIOA Youth Activities	17.259	2021	21,780	
WIOA Dislocated Workers	17.278	N/A	111,132	
Total Workforce Innovation and Opportunity Act Cluster				<u>343,143</u>
Total U.S. Department of Labor				
U.S. DEPARTMENT OF TRANSPORTATION				
<i>Passed Through Ohio Department of Transportation</i>				
Formula Grants for Rural Areas	20.509	RPTF-4113-005-221	487,672	
Formula Grants for Rural Areas	20.509	RPTM-0113-005-221	82,255	
COVID-19 Formula Grants for Rural Areas	20.509	113-CARE-21-0200	97,768	
Total Formula Grants for Rural Areas				<u>667,695</u>
Transit Services Program Cluster:				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	OCPX-0288-032-210	23,623	
Total Services Program Cluster				<u>23,623</u>
Total U.S. Department of Transportation				
U.S. Department of Treasury				
<i>Passed Through Ohio Office of Budget and Management</i>				
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	2022		<u>442,016</u>
Total U.S. Department of Treasury				
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Developmental Disabilities</i>				
Special Education - Grants for Infants & Families	84.181A	N/A		<u>14,022</u>
Total U.S. Department of Education				
U.S. ELECTION ASSISTANCE COMMISSION				
<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	2022		<u>7,680</u>
Total U.S. Election Assistance Commission				
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Medicaid Cluster:				
<i>Passed Through Ohio Department of Job & Family Services</i>				
Medicaid Assistance Program	93.778	G-2223-11-6968		<u>482,235</u>
Total Medicaid Cluster				<u>482,235</u>

Morgan County
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2022

Social Services Block Grant:			
<i>Passed Through Ohio Department of Developmental Disabilities</i>			
Social Services Block Grant	93,667	2001OHSOSR	13,964
<i>Passed Through Ohio Department of Job & Family Services</i>			
Social Services Block Grant	93,667	G-2223-11-6968	440,630
Total Social Services Block Grant			<u>454,594</u>
<i>Passed Through Ohio Department of Job & Family Services</i>			
Promoting Safe and Stable Families	93,556	G-2223-11-6968	14,614
TANF Cluster:			
Temporary Assistance for Needy Families	93,558	G-2223-11-6968	1,151,670
Total TANF Cluster			<u>1,151,670</u>
Child Support Enforcement	93,563	G-2223-11-6968	211,423
Child Care Development Cluster:			
Child Care Development Block Grant	93,575	G-2223-11-6968	7,258
Total Child Care Development Cluster			<u>7,258</u>
Foster Care - Title IV-E	93,658	G-2223-11-6968	205,456
Adoption Assistance	93,659	G-2223-11-6968	34,742
Elder Abuse Prevention Interventions Program:			
COVID-19 Ohio APS Program - APR	93,747	G-2223-11-6968	11,545
COVID-19 Stimulus APS	93,747	G-2223-11-6968	640
Total Elder Abuse Prevention Interventions Program			<u>12,185</u>
Children's Health Insurance Program	93,767	G-2223-11-6968	57,899
<i>Passed Through Buckeye Hills Regional Council</i>			
Aging Cluster:			
Special Programs for the Aging, Title IIIB, Part B	93,044	N/A	47,941
Total Aging Cluster			<u>47,941</u>
Total U.S. Department of Health and Human Services			<u>2,680,017</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
<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	321,960
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97,036	FEMA-DR-4424-OH	496,792
Total Disaster Grants - Public Assistance (Presidentially Declared Disasters)			<u>818,752</u>
Emergency Management Performance Grants	97,042	EMC-2019-EP-00008-S01	28,213
Total U.S. Department of Homeland Security			<u>846,965</u>
Total Expenditures of Federal Awards			<u>\$ 6,306,651</u>

MORGAN COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2022

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, 2022. 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 – 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, 2022 is \$135,063.

NOTE E – 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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 6, 2024, wherein we noted the County uses a special purpose framework other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We identified certain deficiencies in internal control, described in the accompanying schedule of audit findings that we consider material weaknesses. We consider findings 2022-002 and 2022-003 to be material weaknesses.

Morgan County
Independent Auditor's Report on Internal Control over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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 2022-001 through 2022-003.

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

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



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

December 6, 2024



**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

Qualified and Unmodified Opinions

We have audited Morgan County's, (the County's) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on each of Morgan County's major federal programs for the year ended December 31, 2022. Morgan County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii and Covid-19 Coronavirus State and Local Fiscal Recovery Funds.

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, Morgan County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii and Covid-19 Coronavirus State and Local Fiscal Recovery Funds for the year ended December 31, 2022.

Unmodified Opinion on the Other Major Federal Program

In our opinion, Morgan County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the Summary of Auditor's Results section of the accompanying schedule of findings and questioned costs for the year ended December 31, 2022.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by 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). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

Morgan County

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

Page 2

Basis for Qualified and Unmodified Opinions (Continued)

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Matters Giving Rise to Qualified Opinion on Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii and Covid-19 Coronavirus State and Local Fiscal Recovery Funds.

As described in findings 2022-004 and 2022-005 in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding the following:

Finding #	Assistance Listing #	Program (or Cluster) Name	Compliance Requirement
2022-004	14.228	Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii	Reporting
2022-005	21.027	Covid-19 Coronavirus State and Local Fiscal Recovery Funds	Reporting

Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

The County's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

Auditor's Responsibilities for the Audit of Compliance (Continued)

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and a significant deficiency.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying *schedule of findings and questioned costs* as items 2022-004 and 2022-005 to be material weaknesses.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the County's responses to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs and corrective action plan. The County's responses were not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Morgan County

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

Page 2

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



Perry and Associates

Certified Public Accountants, A.C.

Marietta, Ohio

December 6, 2024

MORGAN COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
FOR THE YEAR ENDED DECEMBER 31, 2022

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified: Temporary Assistance for Needy Families (TANF) – AL #93.558 Qualified: Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii – AL 14.228 COVID-19 Coronavirus State and Local Fiscal Recovery Funds – AL#21.027
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
(d)(1)(vii)	Major Programs: <ul style="list-style-type: none">Community Development Block Grant/State's Program and Non-Entitlement Grants in Hawaii – AL #14.228COVID-19 Coronavirus State and Local Fiscal Recovery Funds– AL #21.027Temporary Assistance for Needy Families (TANF) – AL #93.558	
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

MORGAN COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
FOR THE YEAR ENDED DECEMBER 31, 2022

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

FINDING NUMBER 2022-001

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).

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 2022-002

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, 2022, we observed the following funds had negative fund balances:

Fund	Fund Balance
Ambulance	\$ (747,819)
Ohio Crime Victim Assistance	\$ (42,377)

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 FINDINGS
2 CFR § 200.515
FOR THE YEAR ENDED DECEMBER 31, 2022

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

FINDING NUMBER 2022-003

Noncompliance/Material Weakness

Ohio Revised Code Section 5705.39 provides that the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure therefrom, as certified by the County Budget Commission. No appropriation measure shall become effective until the County Auditor files a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official estimate or amended official estimate. For the purposes of this Section of the Ohio Revised Code, estimated revenue is commonly referred to as "estimated resources" because it includes unencumbered fund balances.

At December 31, 2022, the County's appropriations exceeded the amount certified as available by the Budget Commission in the General, Records Equipment, Jobs and Family Services, and Gasoline & Motor Vehicle License Tax Fund in the amount of \$181,127, \$191,589, \$2,870,649, and \$1,027,208, respectively.

Failure to limit appropriations to the amount certified by the Budget Commission due to deficiencies in the County's compliance monitoring policies and procedures could result in overspending and negative cash fund balances.

The County should draft, approve, and implement procedures to compare appropriations to estimated resources and, if adequate resources are available for additional appropriations, the County should submit an amended certificate of estimated resources to the budget commission for certification. If the resources are not available to cover the appropriations, an amendment to the appropriation resolution should be passed by the Board of Commissioners to reduce the appropriations.

Officials' Response – See Corrective Action Plan.

3. FINDINGS FOR FEDERAL AWARDS

FINDING NUMBER 2022-004

Noncompliance/Material Weakness

Finding Number:	2022-004
Assistance Listing Number and Title:	AL #14.228 Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
Federal Award Identification Number / Year:	2022
Federal Agency:	U.S. Department of Housing and Urban Development
Compliance Requirement:	Reporting
Pass-Through Entity:	Ohio Department of Development
Repeat Finding from Prior Audit?	No

MORGAN COUNTY

**SCHEDULE OF FINDINGS
2 CFR § 200.515
FOR THE YEAR ENDED DECEMBER 31, 2022**

3. FINDINGS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2023-004 (Continued)

2 CFR § 2400.101 gives regulatory effect to the Department of Housing and Urban Development for **2 C.F.R. § 200.328** which states, unless otherwise approved by OMB, the Federal awarding agency must solicit only the OMB-approved governmentwide data elements for collection of financial information (at time of publication the Federal Financial Report or such future, OMB-approved, governmentwide data elements available from the OMB-designated standards lead.

This information must be collected with the frequency required by the terms and conditions of the Federal award, but no less frequently than annually nor more frequently than quarterly except in unusual circumstances, for example where more frequent reporting is necessary for the effective monitoring of the Federal award or could significantly affect program outcomes, and preferably in coordination with performance reporting. The Federal awarding agency must use OMB-approved common information collections, as applicable, when providing financial and performance reporting information.

2 CFR § 2400.101 gives regulatory effect to the Department of Housing and Urban Development for **2 CFR § 200.208** which states, in part, that Federal awarding agencies are responsible for ensuring that specific Federal award conditions are consistent with the program design reflected in § 200.202 and include clear performance expectations of recipients as required in § 200.301. The Federal awarding agency or pass- through entity may adjust specific Federal award conditions as needed, in accordance with this section, based on an analysis of specified factors. Additional Federal award conditions may be added provided the applicant or non-Federal entity has been notified, and any additional requirements must be promptly removed once the conditions that prompted them have been satisfied. Additional Federal award conditions may include items such as additional, more detailed financial reports.

The State of Ohio Community Development Block Grant (CDBG) Program Grant Agreement for McConnelsville NRG Sewer Facility Improvements (B-F-19-1CA-1) state that the grantee shall submit the required reports in an adequate and timely fashion. Granter shall provide a format for these reports and shall instruct Grantee on the proper completion of said reports. All report forms and requirements listed herein shall be provided by Granter, but shall not be construed to limit Granter in making additional and/or further requests, nor in the change or addition of detail to the items listed. The Grantee shall submit to Granter a Status Report within 30 days of the request by Granter.

The County submitted Status Reports; however possibly due to the failure of an existing control(s), one out of one (one hundred percent) of Status Reports were submitted seven months late.

Reporting errors could adversely affect future grant awards.

An additional control(s) and/or procedure(s) should be implemented to help ensure required reports are accurately prepared and submitted in a timely manner.

Officials' Response – See Corrective Action Plan.

MORGAN COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
FOR THE YEAR ENDED DECEMBER 31, 2022

3. FINDINGS FOR FEDERAL AWARDS (Continued)

FINDING NUMBER 2022-005

Noncompliance/Material Weakness

Finding Number:	2022-005
Assistance Listing Number and Title:	AL #21.027 COVID-19 Coronavirus State and Local Fiscal Recovery Funds
Federal Award Identification Number / Year:	2022
Federal Agency:	U.S. Department of Treasury
Compliance Requirement:	Reporting
Pass-Through Entity:	N/A
Repeat Finding from Prior Audit?	No

2 CFR § 1000.10 gives regulatory effect to Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, set forth at 2 CFR part 200 for the Department of Treasury.

2 CFR 200.329(c)(1) states that non-Federal entities must submit performance reports at the interval required by the Federal awarding agency or pass-through entity to best inform improvements in program outcomes and productivity. Reports submitted quarterly must be due no later than 30 calendar days after the reporting period.

31 CFR 35.4(c) requires recipients, in part, during the period of performance, to provide the Secretary of the U.S. Department of Treasury periodic reports providing detailed accounting of the uses of funds, modifications to a State or Territory's tax revenue sources, and such other information as the Secretary may require for the administration of this section.

The U.S. Department of Treasury provided supplementary information on reporting requirements in its interim final rule for State and Local Fiscal Recovery Funds for 31 CFR Part 35 and provided further guidance in its Coronavirus State and Local Fiscal Recovery Funds Compliance and Reporting Guide.

The County was required to submit the initial Project and Expenditure Report for the period from March 3, 2021 to March 31, 2022 to the U.S Department of Treasury by April 30, 2022. Per review of the initial filed Project and Expenditure Report the report was filed on May 10, 2022, which was after the required due date.

Reporting errors could adversely affect future grant awards.

An additional control(s) and/or procedure(s) should be implemented to help ensure required reports are accurately prepared and submitted in a timely manner.

Officials' Response – See Corrective Action Plan.

MORGAN COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR § 200.511(b)
FOR THE YEAR ENDED DECEMBER 31, 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001	ORC Section 117.38 – Failure to file financial statements in accordance with Generally Accepted Accounting Principles.	Not Corrected	Reissued as Finding 2022-001, County feels GAAP reporting is not cost-effective.
2021-002	ORC Section 5705.10(I) – Negative fund balances.	Not Corrected	Reissued as Finding 2022-002.
2021-003	Financial Reporting	Corrected	N/A



RANDY WILLIAMS
MORGAN COUNTY AUDITOR

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



Deputy Auditors: Jenny Cordray Jessica Conner Courtney Morrow Charlotte Luna

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
FOR THE YEAR ENDED DECEMBER 31, 2022

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2022-001	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
2022-002	The Commissioners office has no formal plan to correct the deficit balances other than to be cautious and prudent with future spending. The ambulance levy that exists will eventually remove the negative balance there.	In Process	Randy Williams, County Auditor
2022-003	The Auditor's office will monitor these appropriations to estimated resources more closely and do continued training with the county commissioners, so they have a better understanding of the budgetary process and the budget commission.	In Process	Randy Williams, County Auditor
2022-004	The Morgan County Economic Development Office acknowledges status reports submitted by the required due date for the CDBG program.	In Process	Randy Williams, County Auditor
2022-005	The Auditors Office will take the lead on tracking and reporting on any future programs such as Coronavirus State and Local Fiscal Recovery Fund.	In Process	Courtney Morrow Chief Deputy Auditor

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 5/8/2025

65 East State 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
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