



CLARK SCHAEFER HACKETT
BUSINESS ADVISORS

MORROW COUNTY, OHIO

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2023



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Board of Commissioners
Morrow County
48 East High Street, Room 7
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We have reviewed the *Independent Auditor's Report* of Morrow County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2023 through December 31, 2023. 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. Morrow County is responsible for compliance with these laws and regulations.

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

Keith Faber
Auditor of State
Columbus, Ohio

August 13, 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of County Commissioners
Morrow County, Ohio:

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Morrow County, Ohio (the "County") as of and for the year ended December 31, 2023, 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Motor Vehicle and Gas Tax, Public Assistance, and County Board of Developmental Disabilities for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Morrow County Hospital, a major enterprise fund, which represent 78.1 percent, 80.2 percent, and 97.7 percent, respectively, of the assets, net position, and operating revenues of business type activities as of December 31, 2023. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amount included for the Morrow County Hospital, is based solely on the report of other auditors.

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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' 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.

Responsibilities of Management for the Financial Statements

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.

Auditors' 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 auditors' 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 accompanying schedule of expenditures of federal awards 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 of expenditures of federal awards 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 July 30, 2024 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's 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.

Clark, Schaefer, Hackett & Co.

Columbus, Ohio
July 30, 2024

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MORROW COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023

The management's discussion and analysis of Morrow County's (the "County") financial performance provides an overall review of the County's financial activities for the year ended December 31, 2023. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Key financial highlights for 2023 are as follows:

- The total net position of the County increased \$13,388,331. Net position of governmental activities increased \$6,624,590 from 2022's net position and net position of business-type activities increased \$6,763,741.
- General revenues accounted for \$17,198,617 or 35.15% of total governmental activities revenue. Program specific revenues accounted for \$31,730,026 or 64.85% of total governmental activities revenue.
- The County had \$42,304,053 in expenses related to governmental activities; \$31,730,026 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$17,198,617 were adequate to provide for these programs.
- The general fund, the County's most significant major governmental fund, had revenues and other financing sources of \$14,548,800 and expenditures and other financing uses of \$14,314,366 in 2023. The net change in fund balance was an increase of \$234,434 from 2022's fund balance.

Using these Basic Financial Statements (BFS)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the County as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the whole County, presenting both an aggregate view of the County's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the County's most significant funds with all other non-major funds presented in total in one column. In the case of the County, there are four major governmental funds.

Reporting the County as a Whole

Statement of Net Position and the Statement of Activities

The statement of net position and the statement of activities answer the question, "How did we do financially during 2023?" These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the County's net position and changes in net position. This change in net position is important because it tells the reader that, for the County as a whole, the financial position of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the County's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

MORROW COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023

In the statement of net position and the statement of activities, the County is divided into two distinct kinds of activities:

Governmental Activities - Most of the County's programs and services are reported here including human services, health, public safety, public works and general government. These services are funded primarily by taxes and intergovernmental revenues including federal and State grants and other shared revenues.

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided.

Reporting the County's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund financial reports provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's major governmental funds are the general fund, motor vehicle and gas tax fund, public assistance fund and County board of developmental disabilities (DD) fund. Both of the County's proprietary funds, the Morrow County Hospital fund and Sewer District fund, are reported as major funds. The analysis of the County's major funds begins on page 12.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

Proprietary Funds

The County maintains proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its Sewer District and Morrow County Hospital operations.

MORROW COUNTY, OHIO

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County’s net pension liability/asset and net OPEB liability/asset and related contributions. The required supplementary information can be found following the notes to the basic financial statements.

Government-Wide Financial Analysis

The statement of net position provides the perspective of the County as a whole. The table that follows provides a summary of the County’s net position at December 31, 2023 and December 31, 2022.

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MORROW COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

	Governmental Activities (Restated)		Business- Type Activities		Total (Restated)	
	2023	2022	2023	2022	2023	2022
Assets						
Current assets	\$ 47,188,428	\$ 43,808,855	\$ 32,146,754	\$ 28,029,188	\$ 79,335,182	\$ 71,838,043
Capital assets, net	41,500,529	41,206,354	12,597,154	11,965,879	54,097,683	53,172,233
Total assets	88,688,957	85,015,209	44,743,908	39,995,067	133,432,865	125,010,276
Deferred outflows of resources						
Unamortized deferred charges	227,773	250,742	-	-	227,773	250,742
Pension	9,865,878	3,227,447	5,455,345	1,735,695	15,321,223	4,963,142
OPEB	1,463,488	19,742	813,836	2,796	2,277,324	22,538
Total deferred outflows of resources	11,557,139	3,497,931	6,269,181	1,738,491	17,826,320	5,236,422
Liabilities						
Current liabilities	2,369,682	3,015,157	6,482,740	6,853,615	8,852,422	9,868,772
Long-term liabilities:						
Due within one year	1,593,454	1,479,300	899,822	905,443	2,493,276	2,384,743
Net pension liability	23,711,314	7,219,167	12,916,541	3,796,306	36,627,855	11,015,473
Net OPEB Liability	487,938	-	274,622	-	762,560	-
Other amounts	3,834,813	4,256,795	3,932,885	4,241,984	7,767,698	8,498,779
Total liabilities	31,997,201	15,970,419	24,506,610	15,797,348	56,503,811	31,767,767
Deferred inflows of resources						
Property taxes levied for next fiscal year	6,530,396	6,454,902	1,598,948	1,560,359	8,129,344	8,015,261
Pension	280,847	8,813,152	135,045	4,920,028	415,892	13,733,180
OPEB	200,515	2,662,120	103,984	1,551,062	304,499	4,213,182
Total deferred inflows of resources	7,011,758	17,930,174	1,837,977	8,031,449	8,849,735	25,961,623
Net Position						
Net investment in capital assets	37,723,891	37,012,470	8,261,166	7,287,858	45,985,057	44,300,328
Restricted	18,972,289	14,816,661	185,117	-	19,157,406	14,816,661
Unrestricted	4,540,957	2,783,416	16,222,219	10,616,903	20,763,176	13,400,319
Total net position	\$ 61,237,137	\$ 54,612,547	\$ 24,668,502	\$ 17,904,761	\$ 85,905,639	\$ 72,517,308

The net pension liability/asset is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the County's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB, net pension/OPEB asset.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability/asset or net OPEB liability/asset. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

MORROW COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2023

GASB 68 and GASB 75 require the net pension liability/asset and the net OPEB liability/asset to equal the County's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the County is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the County's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability/asset and net OPEB liability/asset, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2023, the County's asset plus deferred outflows exceeded liabilities plus deferred inflows by \$85,905,639. This amounts to \$61,237,137 in governmental activities and \$24,668,502 in business-type activities.

Capital assets reported on the government-wide statements represent the largest portion of the County's assets. At year-end, capital assets represented 40.54% of total governmental and business-type assets. Capital assets include land, construction in progress, land improvements, buildings, building improvements, equipment, software, vehicles, intangible right to use assets and infrastructure. Net investment in capital assets at December 31, 2023, was \$45,985,057. These capital assets are used to provide services to citizens and are not available for future spending. Although the County's net investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the County's net position, \$19,157,406 or 22.30%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position is \$20,762,176. During 2023 the total increase in unrestricted net position was \$7,362,857.

MORROW COUNTY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

The table below shows the changes in net position for 2023 and 2022.

	Governmental Activities 2023	Business-type Activities 2023	Governmental Activities 2022	Business-type Activities 2022	Total 2023	Total 2022
Revenues						
Program revenues:						
Charges for services and sales	\$ 8,430,543	\$ 25,752,905	\$ 7,918,531	\$ 24,351,853	\$ 34,183,448	\$ 32,270,384
Operating grants and contributions	23,079,198	174,831	16,632,242	173,118	23,254,029	16,805,360
Capital grants and contributions	<u>220,285</u>	<u>2,070,000</u>	<u>94,419</u>	<u>-</u>	<u>2,290,285</u>	<u>94,419</u>
Total program revenues	<u>31,730,026</u>	<u>27,997,736</u>	<u>24,645,192</u>	<u>24,524,971</u>	<u>59,727,762</u>	<u>49,170,163</u>
General revenues:						
Property taxes	7,179,653	1,424,116	7,013,929	1,387,241	8,603,769	8,401,170
Sales tax	6,245,974	-	6,023,592	-	6,245,974	6,023,592
Unrestricted grants	2,063,326	-	2,341,063	-	2,063,326	2,341,063
Investment earnings	1,398,042	821,650	(530,800)	101,121	2,219,692	(429,679)
Other	<u>311,622</u>	<u>2,143,259</u>	<u>265,610</u>	<u>1,403,172</u>	<u>2,454,881</u>	<u>1,668,782</u>
Total general revenues	<u>17,198,617</u>	<u>4,389,025</u>	<u>15,113,394</u>	<u>2,891,534</u>	<u>21,587,642</u>	<u>18,004,928</u>
Total revenues	<u>48,928,643</u>	<u>32,386,761</u>	<u>39,758,586</u>	<u>27,416,505</u>	<u>81,315,404</u>	<u>67,175,091</u>
Expenses						
Program expenses:						
General government						
Legislative and executive	7,043,332	-	7,995,301	-	7,043,332	7,995,301
Judicial	3,173,735	-	1,715,932	-	3,173,735	1,715,932
Public safety	5,517,362	-	2,334,245	-	5,517,362	2,334,245
Public works	7,775,431	-	4,090,677	-	7,775,431	4,090,677
Health	4,027,540	-	2,354,927	-	4,027,540	2,354,927
Human services	9,433,211	-	6,790,420	-	9,433,211	6,790,420
Economic development and assistance	122,371	-	542,443	-	122,371	542,443
Intergovernmental	763,670	-	602,449	-	763,670	602,449
Other	4,300,918	-	3,104,603	-	4,300,918	3,104,603
Interest and fiscal charges	146,483	-	133,115	-	146,483	133,115
Morrow County Hospital	-	25,016,216	-	19,008,985	25,016,216	19,008,985
Sewer District	<u>-</u>	<u>606,804</u>	<u>-</u>	<u>463,416</u>	<u>606,804</u>	<u>463,416</u>
Total expenses	<u>42,304,053</u>	<u>25,623,020</u>	<u>29,664,112</u>	<u>19,472,401</u>	<u>67,927,073</u>	<u>49,136,513</u>
Change in net position	6,624,590	6,763,741	10,094,474	7,944,104	13,388,331	18,038,578
Net position at beginning of year	<u>54,612,547</u>	<u>17,904,761</u>	<u>44,518,073</u>	<u>9,960,657</u>	<u>72,517,308</u>	<u>54,478,730</u>
Net position at end of year	<u>\$ 61,237,137</u>	<u>\$ 24,668,502</u>	<u>\$ 54,612,547</u>	<u>\$ 17,904,761</u>	<u>\$ 85,905,639</u>	<u>\$ 72,517,308</u>

MORROW COUNTY, OHIO

MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Governmental Activities

Governmental net position increased by \$6,624,590 in 2023. Total revenues increased \$9,170,057 due to an increase in program revenues. This was a result of an increase in Federal and State funding, particularly from the American Rescue Plan Act (ARPA) grants and from the Ohio Department of Transportation.

The State and federal government contributed revenues of \$23,079,198 in operating grants and contributions during 2023. These revenues are restricted to a particular program or purpose. Of the total operating grants and contributions \$6,939,434 or 30.07 %, subsidized public works programs.

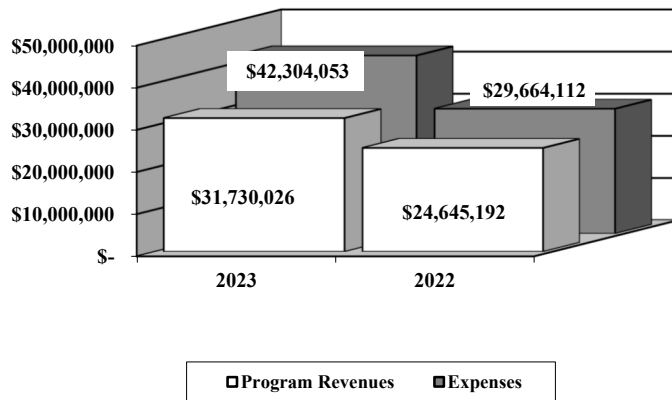
General revenues totaled \$17,198,617 and amounted to 35.15% of total revenues. These revenues primarily consist of property and sales tax revenue of \$13,425,627 or 78.06% of total general revenues in 2023. The other primary source of general revenues is grants and entitlements not restricted to specific programs, including local government and local government revenue assistance, making up \$2,063,326, or 12.00% of the total general revenue.

Total expenses increased \$12,639,941 or 42.61%. This is due in large part to higher expenses related to human service expenses in 2022 due to changes in the postemployment healthcare plan for the Ohio Public Employees Retirement System (OPERS).

One of the County’s largest expense categories is human services which accounted for \$9,433,211, or 22.30%, of total governmental expenses. These expenses were funded by \$2,472,160 in charges to users of services, and \$6,766,615 in operating grants and contributions. General government expenses, which includes legislative and executive and judicial programs, totaled \$10,217,067 or 24.15% of total governmental expenses. General government expenses were covered by \$3,419,040 of direct charges to users and \$1,629,696 in operating grants and contributions.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2023 and 2022. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities - Program Revenues vs. Total Expenses



MORROW COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Governmental Activities

	Total Cost of Services 2023	Net Cost of Services 2023	Total Cost of Services 2022	Net Cost of Services 2022
Program Expenses:				
General government				
Legislative and executive	\$ 7,043,332	\$ 2,967,379	\$ 7,995,301	\$ 2,922,457
Judicial	3,173,735	2,200,952	1,715,932	1,160,955
Public safety	5,517,362	4,403,382	2,334,245	1,694,506
Public works	7,775,431	426,289	4,090,677	(1,960,935)
Health	4,027,540	1,847,910	2,354,927	1,444,455
Human services	9,433,211	194,436	6,790,420	(2,478,629)
Economic development and assistance	122,371	118,371	542,443	540,175
Intergovernmental	763,670	763,670	602,449	602,449
Other	4,300,918	(2,494,845)	3,104,603	960,372
Interest and fiscal charges	146,483	146,483	133,115	133,115
Total	\$ 42,304,053	\$ 10,574,027	\$ 29,664,112	\$ 5,018,920

Business-Type Activities

The Morrow County Hospital and Sewer District are accounted for in the business-type activities. These programs had total revenues of \$32,386,761 and expenses of \$25,623,020 for 2023. As a result, net position increased \$6,763,741.

Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the County's net resources available for spending at year-end.

The County's governmental funds (as presented on the balance sheet on pages 22-23) reported a combined fund balance of \$31,978,550, which is \$3,828,852 higher than last year's total of \$28,149,698.

MORROW COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2023 and December 31, 2022 for all major and non-major governmental funds.

	<u>Fund Balance</u> <u>December 31, 2023</u>	<u>Fund Balance</u> <u>December 31, 2022</u>	<u>Change</u>
Major Funds:			
General	\$ 7,138,896	\$ 6,904,462	\$ 234,434
Motor Vehicle and Gas Tax	3,921,614	3,343,669	577,945
Public Assistance	1,723,204	1,678,398	44,806
County Board of DD	4,535,944	4,182,738	353,206
Other Nonmajor Governmental Funds	<u>14,658,892</u>	<u>12,040,431</u>	<u>2,618,461</u>
 Total	 <u>\$ 31,978,550</u>	 <u>\$ 28,149,698</u>	 <u>\$ 3,828,852</u>

General Fund

The County's general fund balance increased \$234,434. The table that follows assists in illustrating the revenues of the general fund.

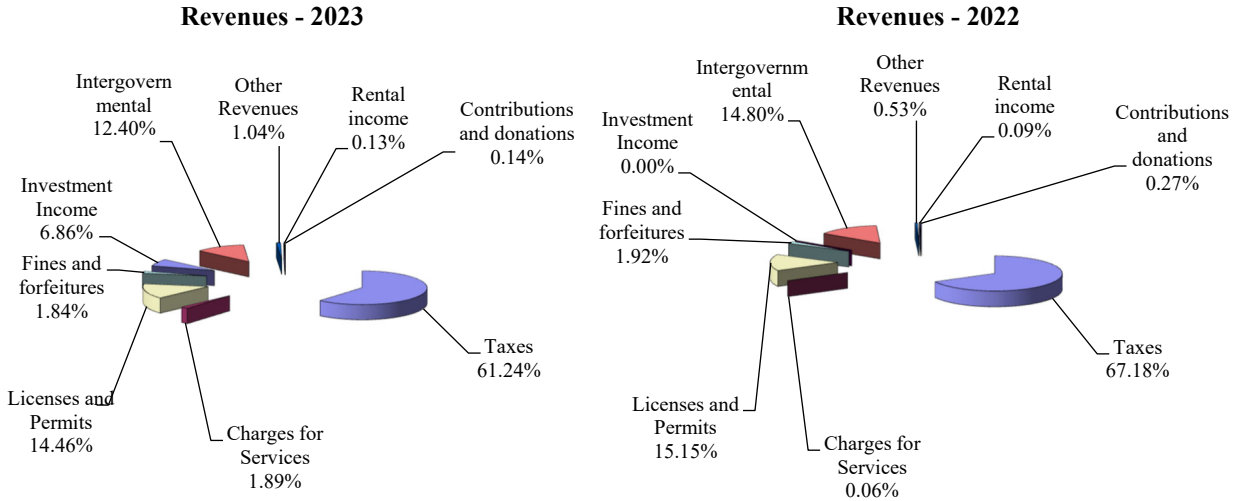
	<u>2023</u> <u>Amount</u>	<u>2022</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>			
Taxes	\$ 8,896,714	\$ 8,671,322	2.60 %
Charges for services	275,037	8,387	3,179.33 %
Licenses and permits	2,101,414	1,955,049	7.49 %
Fines and forfeitures	267,427	247,593	8.01 %
Intergovernmental	1,801,968	1,910,126	(5.66) %
Investment income	996,486	(619,643)	260.82 %
Rental income	19,440	11,982	62.24 %
Contributions and donations	20,902	34,485	(39.39) %
Other	<u>151,116</u>	<u>69,041</u>	118.88 %
Total	<u>\$ 14,530,504</u>	<u>\$ 12,288,342</u>	18.25 %

Total general fund revenues for 2023 were comparable to the prior year. The largest revenue source for the general fund is taxes, which consists of sales taxes and property taxes. The County experienced an increase in collections for both sales taxes and property taxes in 2023. The positive amount for investment income in 2023 is due to an increase in fair value for the County's investments. Investment income is reported net of any changes in fair value.

MORROW COUNTY, OHIO

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

The following graphs detail revenues by source for 2023 and 2022. The 2022 revenues exclude \$619,643 in investment loss.



The table that follows assists in illustrating the expenditures of the general fund.

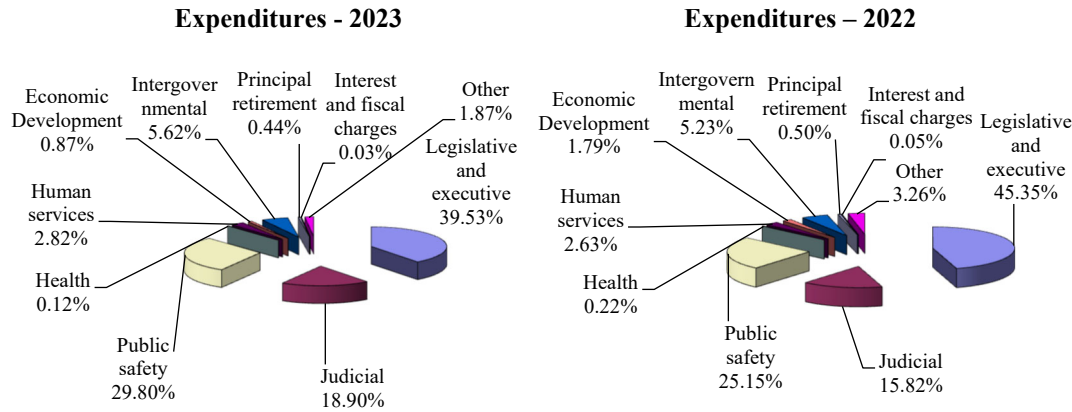
	<u>2023</u> <u>Amount</u>	<u>2022</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
General government			
Legislative and executive	\$ 5,367,139	\$ 5,221,502	2.79 %
Judicial	2,565,329	1,821,538	40.83 %
Public safety	4,046,443	2,896,439	39.70 %
Health	16,500	25,180	(34.47) %
Human services	383,496	302,513	26.77 %
Economic Development	117,651	206,303	(42.97) %
Other	234,852	328,516	(28.51) %
Capital outlay	19,333	46,868	(58.75)
Intergovernmental	763,670	602,449	26.76 %
Debt service:			
Principal retirement	59,999	57,558	4.24 %
Interest and fiscal charges	4,273	5,660	(24.51) %
Total	<u>\$ 13,578,685</u>	<u>\$ 11,514,526</u>	17.93 %

Overall, the County’s general fund expenditures increased 17.93%. The largest expenditure line item is general government, which is comprised of legislative and executive and judicial expenditures. Legislative and executive increased 2.79% and judicial increased 40.83% from 2022. Public safety increased by \$1,150,004 or 39.70% due primarily to an increase in spending on employee wages.

MORROW COUNTY, OHIO

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023**

The graphs below detail expenditures by function for 2023 and 2022:



Motor Vehicle and Gas Tax Fund

The motor vehicle and gas tax fund, a County major fund, had revenues of \$7,196,507 and expenditures of \$6,618,562 in 2023. The motor vehicle and gas tax fund balance increased \$577,945 during the year.

Public Assistance Fund

The public assistance fund, a County major fund, had revenues of \$4,648,884 and expenditures and other financing uses of \$4,604,078 in 2022. The public assistance fund balance increased \$44,806 during the year.

County Board of DD Fund

The county board of developmental disabilities (DD) fund, a County major fund, had revenues of \$4,155,276 and expenditures of \$3,802,070 in 2023. The County board of DD fund balance increased \$353,206 during the year.

Budgeting Highlights - General Fund

The County’s budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the County’s appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the County’s plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity, then the appropriations can be adjusted accordingly.

In the general fund, original budgeted revenues of \$10,970,525 were increased to \$11,118,446 in the final budget. Most of this increase was to account for tax collections revisions. Actual revenues and other financing sources of \$13,965,673 exceeded final budgeted amounts by \$2,847,227. This variance is due to the County’s conservative approach to budgeting. Original budgeted expenditures and other financing uses of \$14,770,886 were increased to \$15,760,563 in the final budget. Most of the increase was to account for transfers to other funds. Actual expenditures and other financing uses of \$14,432,021 were \$1,328,542 lower than final budgeted expenditures and other financing uses. This variance is a result of management’s commitment to keeping costs as low as possible while still providing the level of services that County residents expect.

Proprietary Funds

The County’s proprietary funds provide the same type of information found in the government-wide financial statements for business-type activities, but in more detail. The County’s two proprietary funds account for the operations of the Morrow County Hospital and the sewer district.

MORROW COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Capital Assets and Debt Administration

Capital Assets

At the end of 2023, the County had \$54,097,683 (net of accumulated depreciation/amortization) invested in land, land improvements, buildings, buildings and improvements, equipment, vehicles, infrastructure, construction in progress and intangible right to use equipment, SBITAs, and buildings. Of this total, \$41,500,529 was reported in governmental activities and \$12,597,154 was reported in business-type activities. The following table shows December 31, 2023 balances compared to December 31, 2022.

**Capital Assets at December 31
(Net of Depreciation/Amortization)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	(Restated)				(Restated)	
	2023	2022	2023	2022	2023	2022
Land and Land Improvements	\$ 805,088	\$ 805,990	\$ 2,213,020	\$ 2,097,607	\$ 3,018,108	\$ 2,903,597
Buildings	5,889,712	6,138,937	1,605,943	1,500,607	7,495,655	7,639,544
Building Improvements	2,506,105	2,679,436	-	-	2,506,105	2,679,436
Equipment	2,021,880	2,031,627	3,485,974	3,431,588	5,507,854	5,463,215
Software	126,086	221,417	-	-	126,086	221,417
Vehicles	1,955,392	1,963,586	-	-	1,955,392	1,963,586
Infrastructure	26,183,411	26,839,492	3,552,535	3,648,984	29,735,946	30,488,476
Construction in progress	1,600,381	-	1,405,096	719,431	3,005,477	719,431
Intangible right to use	412,474	525,869	334,586	567,662	747,060	1,093,531
Total	\$ 41,500,529	\$ 41,206,354	\$ 12,597,154	\$ 11,965,879	\$ 54,097,683	\$ 53,172,233

For governmental activities, the most significant activity during the year was construction in progress of about \$1.6 million. For the business-type activities, the most significant activity in 2023 was for various equipment acquisitions in the total amount of about \$900,000 and also sewer district construction in progress of about \$800,000. See Note 11 to the basic financial statements for detail on the County's capital assets.

Debt Administration

At December 31, 2023 the County had \$3,915,629 in general obligation bonds, other loans, leases outstanding, and SBITAs outstanding in governmental activities. Of this total, \$440,639 is due within one year and \$3,474,990 is due in greater than one year.

Business-type activities had \$4,335,988 in revenue bonds, OWDA loans, other loans, and leases outstanding at December 31, 2023. Of this total, \$403,103 is due within one year and \$3,932,885 is due in more than one year. There were no additions during 2023.

See Note 13 to the basic financial statements for detail on the County's long-term obligations. The table on the following page summarizes the debt outstanding at December 31, 2023 and December 31, 2022.

MORROW COUNTY, OHIO

MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2023

Outstanding Debt, at Year End

	Governmental Activities		Business-Type Activities	
	(Restated)			
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Long-Term Obligations				
General obligation bonds	\$ 3,550,000	\$ 3,840,000	\$ -	\$ -
Revenue bonds	-	-	1,275,121	1,304,127
OWDA loans	-	1,875	603,861	650,312
Other loans	53,000	69,000	2,122,420	2,155,920
Leases payable	289,283	397,704	334,586	567,662
SBITA payable	<u>23,346</u>	<u>38,312</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 3,915,629</u>	<u>\$ 4,346,891</u>	<u>\$ 4,335,988</u>	<u>\$ 4,678,021</u>

Economic Factors and Next Year’s Budget

Morrow County, Ohio is strategically located in north central Ohio and is home to a diverse manufacturing and agricultural base which includes an automotive parts supplier, distribution and warehousing of specialty lubricants, custom fabrication of large metal tanks and fiber glass trailers. While primarily a rural community, Morrow County has easy access to all major city amenities from its two interchanges on Interstate 71, the major north-south transportation link between Cincinnati, Columbus, and Cleveland.

Location is the key to Morrow County’s future. Over 900 acres of industrial and commercial development opportunities are situated at the interchanges of Interstate 71 offering easy access for transportation of goods, materials, and workers. There are multiple industrial based businesses opened in the Industrial Parks at State Route 61/95 and Interstate 71. Most of the County’s major industrial companies are seeing growth that will allow for increasing employment opportunities. New commercial companies are building in Morrow County at the I-71 interchanges as this area offers a magnitude of opportunity. For the time being, the agriculture industry still leads all growth in Morrow County as new entrepreneurs create innovative new companies.

In the past, 65% of eligible citizens leave the County to find jobs elsewhere. In recent years however, the Board of County Commissioners has prioritized developing industry within the County. In 2009 through 2011 industry closures in Morrow County were directly related to the national economic downturn. Throughout this period, County Leadership led a “grow our own” campaign to encourage Morrow County startups to grow and expand. Through Marketing Morrow branding initiative and strategic attraction efforts by County Leadership, four (4) Morrow County companies have grown and expanded with in the County.

Thirteen out of sixteen townships have approved zoning which will enable the County to better guide future growth, coordinate capital improvement plans, and serve as a catalyst for quality development.

Contacting the County’s Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the County’s finances and to show the County’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact Conni McChesney, County Auditor at 48 East Main Street, Mount Gilead, Ohio 43338.

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MORROW COUNTY, OHIO
STATEMENT OF NET POSITION
DECEMBER 31, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and investments	\$ 29,140,660	\$ 1,921,326	\$ 31,061,986
Cash and cash equivalents in segregated accounts	42,771	1,720,804	1,763,575
Investments in segregated accounts	-	16,800,690	16,800,690
Receivables:			
Sales taxes	1,647,949	-	1,647,949
Real and other taxes	7,053,062	1,598,948	8,652,010
Accounts	289,530	3,052,663	3,342,193
Accrued interest	128,127	447	128,574
Due from other governments	7,745,360	1,000,275	8,745,635
Prepayments	424,198	453,410	877,608
Materials and supplies inventory	421,314	395,019	816,333
Loans receivable	115,483	-	115,483
Restricted assets:			
Cash and cash equivalents in segregated accounts	-	4,334,951	4,334,951
Investments in segregated accounts	-	740,408	740,408
Internal balance	57,304	(57,304)	-
Net pension asset	120,899	185,117	306,016
Due from external parties	1,771	-	1,771
Capital assets:			
Land and construction in progress	2,364,438	3,637,924	6,002,362
Depreciable/amortized capital assets, net	39,136,091	8,959,230	48,095,321
Total capital assets, net	<u>41,500,529</u>	<u>12,597,154</u>	<u>54,097,683</u>
Total assets	<u>88,688,957</u>	<u>44,743,908</u>	<u>133,432,865</u>
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding	227,773	-	227,773
Pension	9,865,878	5,455,345	15,321,223
OPEB	1,463,488	813,836	2,277,324
Total deferred outflows of resources	<u>11,557,139</u>	<u>6,269,181</u>	<u>17,826,320</u>
Total assets and deferred outflows of resources	<u>100,246,096</u>	<u>51,013,089</u>	<u>151,259,185</u>
Liabilities:			
Accounts payable	1,145,451	1,533,362	2,678,813
Contracts payable	-	722,740	722,740
Retainage payable	-	110,964	110,964
Accrued wages and benefits payable	574,187	473,837	1,048,024
Due to other governments	138,515	222	138,737
Amount to be repaid to claimants	128,618	-	128,618
Accrued interest payable	11,339	7,997	19,336
Estimated third party payor settlements	-	3,633,618	3,633,618
Due to external parties	71,706	-	71,706
Unearned revenue	299,866	-	299,866
Long-term liabilities:			
Due within one year	1,593,454	899,822	2,493,276
Due in more than one year:			
Net pension liability	23,711,314	12,916,541	36,627,855
Net OPEB liability	487,938	274,622	762,560
Other amounts due in more than one year	3,834,813	3,932,885	7,767,698
Total liabilities	<u>31,997,201</u>	<u>24,506,610</u>	<u>56,503,811</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	6,530,396	1,598,948	8,129,344
Pension	280,847	135,045	415,892
OPEB	200,515	103,984	304,499
Total deferred inflows of resources	<u>7,011,758</u>	<u>1,837,977</u>	<u>8,849,735</u>
Total liabilities and deferred inflows of resources	<u>39,008,959</u>	<u>26,344,587</u>	<u>65,353,546</u>
Net position:			
Net investment in capital assets	37,723,891	8,261,166	45,985,057
Restricted for:			
Capital projects	2,295,492	-	2,295,492
Public safety	1,355,570	-	1,355,570
Public works	6,364,693	-	6,364,693
Health	3,430,550	-	3,430,550
Human services	702,707	-	702,707
Other purposes	2,871,358	-	2,871,358
General government	1,040,370	-	1,040,370
Pension	120,899	185,117	306,016
Economic and development	790,650	-	790,650
Unrestricted	4,540,957	16,222,219	20,763,176
Total net position	<u>\$ 61,237,137</u>	<u>\$ 24,668,502</u>	<u>\$ 85,905,639</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MORROW COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government:				
Legislative and executive	\$ 7,043,332	\$ 2,904,875	\$ 1,171,078	\$ -
Judicial	3,173,735	514,165	458,618	-
Public safety	5,517,362	211,832	902,148	-
Public works	7,775,431	189,423	6,939,434	220,285
Health	4,027,540	977,203	1,202,427	-
Human services	9,433,211	2,472,160	6,766,615	-
Economic development and assistance	122,371	-	4,000	-
Intergovernmental	763,670	-	-	-
Other	4,300,918	1,160,885	5,634,878	-
Interest and fiscal charges	146,483	-	-	-
Total governmental activities	<u>42,304,053</u>	<u>8,430,543</u>	<u>23,079,198</u>	<u>220,285</u>
Business-type activities:				
Morrow County Hospital	25,016,216	25,127,839	174,831	-
Sewer District	606,804	625,066	-	2,070,000
Total business-type activities	<u>25,623,020</u>	<u>25,752,905</u>	<u>174,831</u>	<u>2,070,000</u>
Total primary government	<u>\$ 67,927,073</u>	<u>\$ 34,183,448</u>	<u>\$ 23,254,029</u>	<u>\$ 2,290,285</u>

General revenues:

Property taxes levied for:

 General purposes

 Special purposes

 TIF Payments

 Hospital

Sales taxes levied for:

 General purposes

Grants and entitlements not restricted
to specific programs

Investment earnings

Miscellaneous

Total general revenues

Change in net position

Net position at beginning of year

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue
and Changes in Net Position**

Governmental Activities	Business-type Activities	Total
\$ (2,967,379)	\$ -	\$ (2,967,379)
(2,200,952)	-	(2,200,952)
(4,403,382)	-	(4,403,382)
(426,289)	-	(426,289)
(1,847,910)	-	(1,847,910)
(194,436)	-	(194,436)
(118,371)	-	(118,371)
(763,670)	-	(763,670)
2,494,845	-	2,494,845
(146,483)	-	(146,483)
(10,574,027)	-	(10,574,027)
-	286,454	286,454
-	2,088,262	2,088,262
-	2,374,716	2,374,716
(10,574,027)	2,374,716	(8,199,311)
2,754,549	-	2,754,549
4,248,636	-	4,248,636
176,468	-	176,468
-	1,424,116	1,424,116
6,245,974	-	6,245,974
2,063,326	-	2,063,326
1,398,042	821,650	2,219,692
311,622	2,143,259	2,454,881
17,198,617	4,389,025	21,587,642
6,624,590	6,763,741	13,388,331
54,612,547	17,904,761	72,517,308
\$ 61,237,137	\$ 24,668,502	\$ 85,905,639

MORROW COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2023

	General	Motor Vehicle and Gas Tax	Public Assistance	County Board of Developmental Disabilities
Assets:				
Equity in pooled cash and cash equivalents	\$ 6,152,252	\$ 2,358,769	\$ 1,084,538	\$ 4,595,097
Cash in segregated accounts	4,994	-	-	-
Sales taxes	1,647,949	-	-	-
Real and other taxes	2,705,831	-	-	2,496,324
Accounts	67,155	-	122,932	4,450
Interfund loans	-	-	-	-
Accrued interest	83,572	35,967	-	-
Due from other funds	19,372	538	-	-
Due from other governments	835,095	3,116,486	750,128	215,709
Loans receivable	-	-	-	-
Materials and supplies inventory	30,024	363,417	9,183	4,002
Prepayments	275,481	13,012	7,348	23,520
Due from external parties	1,771	-	-	-
Total assets	<u>\$ 11,823,496</u>	<u>\$ 5,888,189</u>	<u>\$ 1,974,129</u>	<u>\$ 7,339,102</u>
Liabilities:				
Accounts payable	\$ 212,233	\$ 179,035	\$ 57,450	\$ 33,613
Accrued wages and benefits payable	239,338	60,936	82,349	49,676
Compensated absences payable	-	-	-	-
Due to other governments	64,391	9,564	13,171	24,751
Due to other funds	2,287	-	81,115	15
Payroll withholdings payable	128,618	-	-	-
Unearned revenue	-	-	-	-
Due to external parties	-	-	16,840	-
Total liabilities	<u>646,867</u>	<u>249,535</u>	<u>250,925</u>	<u>108,055</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	2,501,864	-	-	2,305,104
Delinquent property tax revenue not available	203,967	-	-	191,220
Accrued interest not available	66,353	28,556	-	-
Sales tax revenue not available	636,949	-	-	-
Nonexchange transactions	628,600	1,688,484	-	198,779
Total deferred inflows of resources	<u>4,037,733</u>	<u>1,717,040</u>	<u>-</u>	<u>2,695,103</u>
Total liabilities and deferred inflows of resources	<u>4,684,600</u>	<u>1,966,575</u>	<u>250,925</u>	<u>2,803,158</u>
Fund balances:				
Nonspendable	502,971	376,429	16,531	27,522
Restricted	-	3,545,185	1,706,673	4,508,422
Committed	309,684	-	-	-
Assigned	3,172,158	-	-	-
Unassigned	3,154,083	-	-	-
Total fund balances	<u>7,138,896</u>	<u>3,921,614</u>	<u>1,723,204</u>	<u>4,535,944</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,823,496</u>	<u>\$ 5,888,189</u>	<u>\$ 1,974,129</u>	<u>\$ 7,339,102</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Governmental Funds	Total Governmental Funds
\$ 14,950,004	\$ 29,140,660
37,777	42,771
-	1,647,949
1,850,907	7,053,062
94,993	289,530
56,400	56,400
8,588	128,127
81,314	101,224
2,827,942	7,745,360
115,483	115,483
14,688	421,314
104,837	424,198
-	1,771
<u>\$ 20,142,933</u>	<u>\$ 47,167,849</u>
\$ 663,120	\$ 1,145,451
141,888	574,187
11,233	11,233
26,638	138,515
16,903	100,320
-	128,618
299,866	299,866
54,866	71,706
<u>1,214,514</u>	<u>2,469,896</u>
1,723,428	6,530,396
127,479	522,666
6,818	101,727
-	636,949
2,411,802	4,927,665
<u>4,269,527</u>	<u>12,719,403</u>
<u>5,484,041</u>	<u>15,189,299</u>
119,525	1,042,978
12,029,217	21,789,497
2,362,047	2,671,731
148,103	3,320,261
-	3,154,083
<u>14,658,892</u>	<u>31,978,550</u>
<u>\$ 20,142,933</u>	<u>\$ 47,167,849</u>

MORROW COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2023

Total governmental fund balances		\$	31,978,550
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			41,500,529
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows of resources in the funds.			
Sales taxes receivable	\$	636,949	
Real and other taxes receivable		522,666	
Intergovernmental receivable		4,927,665	
Accrued interest receivable		101,727	
Total		6,189,007	6,189,007
Unamortized bond premiums and discounts are not recognized in the funds.			(88,782)
Unamortized deferred amounts on refundings are not recognized in the governmental funds.			227,773
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
Accrued interest payable		(11,339)	
General obligation bonds payable		(3,550,000)	
Loans payable		(53,000)	
Leases payable		(289,283)	
SBITA payable		(23,346)	
Compensated absences payable		(1,412,623)	
Total		(5,339,591)	(5,339,591)
The net pension asset/liability is not available or due and payable in the current period; therefore, the asset/liability and related deferred inflows/outflows of resources are not reported in governmental funds.			
Deferred outflows of resources		9,865,878	
Deferred inflows of resources		(280,847)	
Net pension asset		120,899	
Net pension liability		(23,711,314)	
Total		(14,005,384)	(14,005,384)
The net OPEB liability is not available to pay for current period expenditures and is not due and payable in the current period, respectively; therefore, the liability and related deferred inflows/outflows of resources are not reported in governmental funds.			
Deferred outflows of resources		1,463,488	
Deferred inflows of resources		(200,515)	
Net OPEB liability		(487,938)	
Total		775,035	775,035
Net position of governmental activities		\$	61,237,137

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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MORROW COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>General</u>	<u>Motor Vehicle and Gas Tax</u>	<u>Public Assistance</u>	<u>County Board of Developmental Disabilities</u>
Revenues:				
From local sources:				
Sales taxes	\$ 6,139,062	\$ -	\$ -	\$ -
Real and other taxes	2,757,652	-	-	2,460,883
Charges for services	275,037	130,513	623,209	731,181
Licenses and permits	2,101,414	-	-	-
Fines and forfeitures	267,427	83	-	-
Intergovernmental	1,801,968	6,940,880	4,013,742	819,204
Investment income and fair value adjustment	996,486	118,670	-	-
Rental income	19,440	-	-	140,102
Contributions and donations	20,902	3,593	8,192	1,200
Other	151,116	2,768	3,741	2,706
Total revenues	<u>14,530,504</u>	<u>7,196,507</u>	<u>4,648,884</u>	<u>4,155,276</u>
Expenditures:				
Current:				
General government:				
Legislative and executive	5,367,139	-	-	-
Judicial	2,565,329	-	-	-
Public safety	4,046,443	-	-	-
Public works	-	6,618,562	-	-
Health	16,500	-	-	3,778,009
Human services	383,496	-	4,548,894	10,696
Economic development and assistance	117,651	-	-	-
Capital outlay	19,333	-	-	-
Intergovernmental	763,670	-	-	-
Other	234,852	-	-	-
Debt service:				
Principal retirement	59,999	-	8,198	12,369
Interest and fiscal charges	4,273	-	1,349	996
Total expenditures	<u>13,578,685</u>	<u>6,618,562</u>	<u>4,558,441</u>	<u>3,802,070</u>
Excess (deficiency) of revenues over (under) expenditures	<u>951,819</u>	<u>577,945</u>	<u>90,443</u>	<u>353,206</u>
Other financing sources (uses):				
Lease transaction	18,296	-	-	-
Transfers in	-	-	-	-
Transfers (out)	(735,681)	-	(45,637)	-
Total other financing sources (uses)	<u>(717,385)</u>	<u>-</u>	<u>(45,637)</u>	<u>-</u>
Net change in fund balances	234,434	577,945	44,806	353,206
Fund balances at beginning of year	<u>6,904,462</u>	<u>3,343,669</u>	<u>1,678,398</u>	<u>4,182,738</u>
Fund balances at end of year	<u>\$ 7,138,896</u>	<u>\$ 3,921,614</u>	<u>\$ 1,723,204</u>	<u>\$ 4,535,944</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Other Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 6,139,062
1,969,067	7,187,602
2,362,495	4,122,435
1,287,818	3,389,232
187,987	455,497
9,210,497	22,786,291
239,623	1,354,779
303,837	463,379
63,361	97,248
130,389	290,720
<u>15,755,074</u>	<u>46,286,245</u>
919,304	6,286,443
1,570,441	4,135,770
934,681	4,981,124
521,529	7,140,091
140,138	3,934,647
4,177,777	9,120,863
-	117,651
1,136,867	1,156,200
-	763,670
4,022,289	4,257,141
368,992	449,558
125,913	132,531
<u>13,917,931</u>	<u>42,475,689</u>
<u>1,837,143</u>	<u>3,810,556</u>
-	18,296
976,569	976,569
(195,251)	(976,569)
<u>781,318</u>	<u>18,296</u>
2,618,461	3,828,852
12,040,431	28,149,698
<u>\$ 14,658,892</u>	<u>\$ 31,978,550</u>

MORROW COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

Net change in fund balances - total governmental funds	\$	3,828,852
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.		
Capital asset additions	\$ 3,135,942	
Current year depreciation/amortization	<u>(2,824,356)</u>	
Total		311,586
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		
		(17,411)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Sales taxes	106,912	
Real and other taxes	(7,949)	
Interest income	65,152	
Intergovernmental revenues	<u>2,478,283</u>	
Total		2,642,398
Issuances of long-term debt, such as bonds and leases, are reported as other financing sources in governmental funds, however, in the statement of activities, they are not reported as sources since they increase the liabilities on the statement of net position.		
		(18,296)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		449,558
In the statement of activities, interest is accrued on outstanding bonds, loans and notes, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in less interest being reported in the statement of activities.		
Decrease in accrued interest payable	64	
Amortization of deferred amounts on refunding	(22,969)	
Amortization of bond premiums	<u>8,953</u>	
Total		(13,952)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(124,305)
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows of resources.		
Pension		2,001,560
OPEB		17,846
Except for amounts reported as deferred inflows/outflows of resources, changes in the net pension asset/liability and net OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension		(3,362,808)
OPEB		<u>909,562</u>
Change in net position of governmental activities	\$	<u>6,624,590</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MORROW COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Sales taxes	\$ 4,933,478	\$ 5,000,000	\$ 6,230,980	\$ 1,230,980
Real and other taxes	2,851,552	2,890,000	2,762,762	(127,238)
Charges for services	138,631	140,500	243,322	102,822
Licenses and permits	1,432,674	1,451,991	1,873,340	421,349
Fines and forfeitures	123,880	125,550	254,203	128,653
Intergovernmental	1,352,242	1,370,475	1,836,700	466,225
Investment income	98,670	100,000	684,030	584,030
Rental income	12,758	12,930	19,440	6,510
Contributions and donations	11,840	12,000	37,958	25,958
Other	14,800	15,000	22,938	7,938
Total revenues	<u>10,970,525</u>	<u>11,118,446</u>	<u>13,965,673</u>	<u>2,847,227</u>
Expenditures:				
Current:				
General government:				
Legislative and executive	5,566,187	5,801,210	5,384,018	417,192
Judicial	2,598,109	2,768,114	2,494,021	274,093
Public safety	4,537,902	4,453,721	4,151,485	302,236
Health	118,067	118,249	44,110	74,139
Human services	471,168	471,168	385,220	85,948
Economic development and assistance	171,011	251,352	230,200	21,152
Intergovernmental	763,400	766,550	763,150	3,400
Other	176,367	239,184	142,168	97,016
Total expenditures	<u>14,402,211</u>	<u>14,869,548</u>	<u>13,594,372</u>	<u>1,275,176</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,431,686)</u>	<u>(3,751,102)</u>	<u>371,301</u>	<u>4,122,403</u>
Other financing sources (uses):				
Transfers (out)	<u>(368,675)</u>	<u>(891,015)</u>	<u>(837,649)</u>	<u>53,366</u>
Total other financing sources (uses)	<u>(368,675)</u>	<u>(891,015)</u>	<u>(837,649)</u>	<u>53,366</u>
Net change in fund balance	(3,800,361)	(4,642,117)	(466,348)	4,175,769
Fund balance at beginning of year	4,798,329	4,798,329	4,798,329	-
Prior year encumbrances appropriated	437,105	437,105	437,105	-
Fund balance at end of year	<u>\$ 1,435,073</u>	<u>\$ 593,317</u>	<u>\$ 4,769,086</u>	<u>\$ 4,175,769</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MORROW COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 MOTOR VEHICLE AND GAS TAX
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Charges for services	\$ 113,152	\$ 132,884	\$ 132,616	\$ (268)
Fines and forfeitures	39	46	90	44
Intergovernmental	5,038,003	5,916,533	5,931,022	14,489
Investment income	8,515	10,000	4,396	(5,604)
Contributions and donations	2,573	3,022	3,593	571
Other	10,218	12,000	2,768	(9,232)
Total revenues	<u>5,172,500</u>	<u>6,074,485</u>	<u>6,074,485</u>	<u>-</u>
Expenditures:				
Current:				
Public works	5,261,415	6,935,415	6,592,952	342,463
Total expenditures	<u>5,261,415</u>	<u>6,935,415</u>	<u>6,592,952</u>	<u>342,463</u>
Net change in fund balances	(88,915)	(860,930)	(518,467)	342,463
Fund balances at beginning of year	2,165,637	2,165,637	2,165,637	-
Prior year encumbrances appropriated	395,052	395,052	395,052	-
Fund balance at end of year	<u>\$ 2,471,774</u>	<u>\$ 1,699,759</u>	<u>\$ 2,042,222</u>	<u>\$ 342,463</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MORROW COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 COUNTY BOARD OF DEVELOPMENTAL DISABILITIES
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Real and other taxes	\$ 1,648,360	\$ 2,465,674	\$ 2,465,674	\$ -
Charges for services	481,108	719,658	731,181	11,523
Intergovernmental	566,447	847,310	853,335	6,025
Rental income	108,301	162,000	149,125	(12,875)
Contributions and donations	702	1,050	1,200	150
Other	-	-	2,706	2,706
Total revenues	<u>2,804,918</u>	<u>4,195,692</u>	<u>4,203,221</u>	<u>7,529</u>
Expenditures:				
Current:				
Health	3,939,563	3,921,442	3,606,764	314,678
Human services	24,128	13,410	13,267	143
Total expenditures	<u>3,963,691</u>	<u>3,934,852</u>	<u>3,620,031</u>	<u>314,821</u>
Net change in fund balances	(1,158,773)	260,840	583,190	322,350
Fund balance at beginning of year	3,813,161	3,813,161	3,813,161	-
Prior year encumbrances appropriated	68,488	68,488	68,488	-
Fund balance at end of year	<u>\$ 2,722,876</u>	<u>\$ 4,142,489</u>	<u>\$ 4,464,839</u>	<u>\$ 322,350</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MORROW COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 PUBLIC ASSISTANCE
 FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 716,381	\$ 693,154	\$ 695,585	\$ 2,431
Intergovernmental	4,093,808	3,961,076	3,969,453	8,377
Contributions and donations	2,584	2,500	8,192	5,692
Other	15,503	15,000	3,741	(11,259)
Total revenues	<u>4,828,276</u>	<u>4,671,730</u>	<u>4,676,971</u>	<u>5,241</u>
Expenditures:				
Current:				
Human services	5,548,315	5,597,614	4,952,487	645,127
Total expenditures	<u>5,548,315</u>	<u>5,597,614</u>	<u>4,952,487</u>	<u>645,127</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(720,039)</u>	<u>(925,884)</u>	<u>(275,516)</u>	<u>650,368</u>
Other financing sources (uses):				
Transfers (out)	(45,637)	(45,637)	(45,637)	-
Total other financing sources (uses)	<u>(45,637)</u>	<u>(45,637)</u>	<u>(45,637)</u>	<u>-</u>
Net change in fund balances	(765,676)	(971,521)	(321,153)	650,368
Fund balances at beginning of year	752,257	752,257	752,257	-
Prior year encumbrances appropriated	321,959	321,959	321,959	-
Fund balance at end of year	<u>\$ 308,540</u>	<u>\$ 102,695</u>	<u>\$ 753,063</u>	<u>\$ 650,368</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MORROW COUNTY, OHIO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2023

	Business-type Activities - Enterprise Funds		
	Morrow County Hospital	Sewer District	Total
Assets:			
Current assets:			
Equity in pooled cash and cash equivalents	\$ -	\$ 1,921,326	\$ 1,921,326
Cash and cash equivalents in segregated accounts	1,720,804	-	1,720,804
Receivables:			
Real and other taxes	1,598,948	-	1,598,948
Accounts	3,052,163	500	3,052,663
Accrued interest	-	447	447
Due from other governments	-	1,000,275	1,000,275
Materials and supplies inventory	394,859	160	395,019
Prepayments	452,929	481	453,410
Total current assets	7,219,703	2,923,189	10,142,892
Noncurrent assets:			
Restricted assets:			
Cash and cash equivalents in segregated accounts	4,334,951	-	4,334,951
Investments in segregated accounts	740,408	-	740,408
Investments in segregated accounts	16,800,690	-	16,800,690
Net pension asset	184,802	315	185,117
Capital assets:			
Land and construction in progress	750,986	2,886,938	3,637,924
Depreciable/amortized capital assets, net	4,940,121	4,019,109	8,959,230
Total capital assets, net	5,691,107	6,906,047	12,597,154
Total noncurrent assets	27,751,958	6,906,362	34,658,320
Total assets	34,971,661	9,829,551	44,801,212
Deferred outflows of resources:			
Pension	5,428,873	26,472	5,455,345
OPEB	809,885	3,951	813,836
Total deferred outflows of resources	6,238,758	30,423	6,269,181
Total assets and deferred outflows of resources	41,210,419	9,859,974	51,070,393

- - Continued

MORROW COUNTY, OHIO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2023

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Morrow County Hospital</u>	<u>Sewer District</u>	<u>Total</u>
Liabilities:			
Current liabilities:			
Accounts payable	\$ 1,519,164	\$ 14,198	\$ 1,533,362
Contracts payable	-	722,740	722,740
Retainage payable	-	110,964	110,964
Accrued wages and benefits	472,706	1,131	473,837
Due to other funds	-	904	904
Due to other governments	-	222	222
Interfund loans payable	-	56,400	56,400
Accrued interest payable	-	7,997	7,997
Sanitary sewer revenue bonds payable - current	-	11,991	11,991
Compensated absences payable - current	496,719	-	496,719
Estimated third party payor settlements	3,633,618	-	3,633,618
USDA bonds payable - current	-	17,500	17,500
OWDA loans payable - current	-	46,450	46,450
Leases payable - current	327,162	-	327,162
Total current liabilities	<u>6,449,369</u>	<u>990,497</u>	<u>7,439,866</u>
Long-term liabilities:			
Sanitary sewer revenue bonds payable	-	485,230	485,230
OWDA loans payable	-	557,411	557,411
USDA bonds payable	-	760,400	760,400
Other loans payable	-	2,122,420	2,122,420
Leases payable	7,424	-	7,424
Net pension liability	12,854,941	61,600	12,916,541
Net OPEB liability	273,355	1,267	274,622
Total long-term liabilities	<u>13,135,720</u>	<u>3,988,328</u>	<u>17,124,048</u>
Total liabilities	<u>19,585,089</u>	<u>4,978,825</u>	<u>24,563,914</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	1,598,948	-	1,598,948
Pension	127,191	7,854	135,045
OPEB	103,215	769	103,984
Total deferred inflows of resources	<u>1,829,354</u>	<u>8,623</u>	<u>1,837,977</u>
Total liabilities and deferred inflows of resources	<u>21,414,443</u>	<u>4,987,448</u>	<u>26,401,891</u>
Net position:			
Net investment in capital assets	5,356,521	2,904,645	8,261,166
Restricted for Pension	184,802	315	185,117
Unrestricted	14,254,653	1,967,566	16,222,219
Total net position	<u>\$ 19,795,976</u>	<u>\$ 4,872,526</u>	<u>\$ 24,668,502</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MORROW COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Business-type Activities - Enterprise Funds		
	Morrow County Hospital	Sewer District	Total
Operating revenues:			
Charges for services	\$ -	\$ 625,066	\$ 625,066
Patient service revenue, net	25,127,839	-	25,127,839
Other operating revenues	1,460,095	72	1,460,167
	26,587,934	625,138	27,213,072
Operating expenses:			
Personal services	11,391,570	44,786	11,436,356
Contract services	7,354,658	340,182	7,694,840
Materials and supplies	4,084,140	-	4,084,140
Administrative costs	-	5,904	5,904
Utilities	-	21,549	21,549
Depreciation/amortization	1,309,571	129,889	1,439,460
Other	820,802	35,856	856,658
	24,960,741	578,166	25,538,907
Total operating revenues			
Operating income	1,627,193	46,972	1,674,165
Nonoperating revenues (expenses):			
Interest and fiscal charges	(55,475)	(28,638)	(84,113)
Gain on sale of capital assets	2,220	-	2,220
Real and other taxes	1,424,116	-	1,424,116
Intergovernmental	174,831	-	174,831
Interest income and fair value adjustment	819,568	2,082	821,650
Other Revenue	627,232	53,640	680,872
	2,992,492	27,084	3,019,576
Total nonoperating revenues (expenses)			
Income before capital contributions	4,619,685	74,056	4,693,741
Capital contributions	-	2,070,000	2,070,000
Change in net position	4,619,685	2,144,056	6,763,741
Net position at beginning of year	15,176,291	2,728,470	17,904,761
Net position at end of year	\$ 19,795,976	\$ 4,872,526	\$ 24,668,502

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MORROW COUNTY, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2023

	Business-type Activities - Enterprise Funds		
	Morrow County Hospital	Sewer District	Total
Cash flows from operating activities:			
Cash received from customers	\$ -	\$ 624,566	\$ 624,566
Cash received from patients and third-party payors	25,173,784	-	25,173,784
Cash received from other operations	1,460,095	72	1,460,167
Cash payments to suppliers for services and goods	(12,774,028)	(345,990)	(13,120,018)
Cash payments to employees for services	(11,906,014)	(41,744)	(11,947,758)
Cash payments for other expenses	-	(60,423)	(60,423)
Net cash provided by operating activities	<u>1,953,837</u>	<u>176,481</u>	<u>2,130,318</u>
Cash flows from noncapital financing activities:			
Cash received from other nonoperating activities	-	53,640	53,640
Cash received from donations	1,573	-	1,573
Property tax levy/intergovernmental revenue	1,598,947	-	1,598,947
Cash received from other nonoperating activities	<u>625,659</u>	<u>-</u>	<u>625,659</u>
Net cash provided by noncapital financing activities	<u>2,226,179</u>	<u>53,640</u>	<u>2,279,819</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(895,232)	(110,824)	(1,006,056)
Capital contributions	-	1,123,365	1,123,365
Principal payments on long-term debt	(461,831)	(108,957)	(570,788)
Interest and fiscal charges	<u>(55,475)</u>	<u>(28,804)</u>	<u>(84,279)</u>
Net cash provided by (used in) capital and related financing activities	<u>(1,412,538)</u>	<u>874,780</u>	<u>(537,758)</u>
Cash flows from investing activities:			
Interest received / fair value adjustment	70,103	1,746	71,849
Sale of investments	<u>108,497</u>	<u>-</u>	<u>108,497</u>
Net cash provided by investing activities	<u>178,600</u>	<u>1,746</u>	<u>180,346</u>
Net increase in cash and cash equivalents	2,946,078	1,106,647	4,052,725
Cash and cash equivalents at beginning of year	5,116,084	814,679	5,930,763
Cash and cash equivalents at end of year	<u>\$ 8,062,162</u>	<u>\$ 1,921,326</u>	<u>\$ 9,983,488</u>
Supplemental cash flow information:			
Cash and cash equivalents in current assets	\$ 1,720,804		
Cash and cash equivalents in investments	6,334,131		
Cash and cash equivalents in assets limited in use	7,227		
Cash and cash equivalents at end of year	<u>\$ 8,062,162</u>		

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MORROW COUNTY, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS (CONTINUED)
 FOR THE YEAR ENDED DECEMBER 31, 2023

	Business-type Activities - Enterprise Funds		
	Morrow County Hospital	Sewer District	Total
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 1,627,193	\$ 46,972	\$ 1,674,165
Adjustments:			
Depreciation/amortization	1,309,571	129,889	1,439,460
Provisions for bad debt	2,488,763	-	2,488,763
Changes in assets, deferred outflows, liabilities, and deferred inflows:			
Accounts receivable	-	(500)	(500)
Materials and supplies inventory	(36,187)	(4)	(36,191)
Prepayments	(61,630)	1,842	(59,788)
Patient accounts receivable	(2,994,148)	-	(2,994,148)
Accrued wages and benefits	-	245	245
Due to other governments	-	61	61
Due to other funds	-	804	804
Third party settlements payable	551,330	-	551,330
Accounts payable	(416,611)	(5,587)	(422,198)
Accrued expenses and deferred inflows	(539,121)	-	(539,121)
Net pension and OPEB deferrals, asset and liabilities	24,677	2,759	27,436
Net cash provided by operating activities	\$ 1,953,837	\$ 176,481	\$ 2,130,318

Non-cash transactions:

During 2023, the Sewer and Hospital funds purchased \$833,704 and \$228,775, respectively, in capital assets on account.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MORROW COUNTY, OHIO

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2023

	<u>Custodial</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ 5,368,081
Cash in segregated accounts	1,096,255
Receivables:	
Taxes	52,358,977
Accounts	203,431
Due from other governments	2,314,158
Prepayments	<u>435</u>
Total assets	<u>61,341,337</u>
Liabilities:	
Accounts payable	78,316
Accrued wages and benefits	42,603
Due to other governments	8,101,602
Due to external parties	<u>1,771</u>
Total liabilities	<u>8,224,292</u>
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	<u>48,821,735</u>
Total deferred inflows of resources	<u>48,821,735</u>
Total liabilities and deferred inflows of resources	<u>57,046,027</u>
Net position:	
Restricted for individuals, organizations and other governments	<u>4,295,310</u>
Total net position	<u>\$ 4,295,310</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MORROW COUNTY, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>Custodial</u>
Additions:	
Intergovernmental	\$ 4,536,918
Amounts received as fiscal agent	4,200,390
Licenses, permits and fees for other governments	2,785,412
Fines and forfeitures for other governments	994,333
Property tax collection for other governments	40,298,398
Other custodial fund collections	<u>317,508</u>
Total additions	<u>53,132,959</u>
Deductions:	
Distributions of state funds to other governments	5,345,712
Distributions as fiscal agent	2,008,141
Licenses, permits and fees distributions to other governments	3,348,080
Fines and forfeitures distributions to other governments	910,267
Property tax distributions to other governments	39,758,259
Other custodial fund disbursements	<u>211,297</u>
Total deductions	<u>51,581,756</u>
Net change in fiduciary net position	1,551,203
Net position beginning of year	<u>2,744,107</u>
Net position end of year	<u>\$ 4,295,310</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 - DESCRIPTION OF THE COUNTY

Morrow County, Ohio (the “County”), was created in 1848. The County is governed by a Board of three commissioners elected by the voters of the County. Other officials elected by the voters of the County that manage various segments of the County’s operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff and a Common Pleas/Probate/Juvenile Court Judge. Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize expenditures as well as serve as the budget and taxing authority, contracting body and the chief administrators of public services for the entire County.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements (BFS) of the County have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The most significant of the County’s accounting policies are described below.

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity”, as amended by GASB Statement No. 39, “Determining Whether Certain Organizations are Component Units” and GASB Statement No. 61, “The Financial Reporting Entity: Omnibus”. The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statement 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 the County, this includes the Morrow County Board of Developmental Disabilities (County Board of DD); the Children Services Board; the Morrow County Hospital and Foundation; and other departments and activities that are directly operated by the elected County officials.

COMPONENT UNITS

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 organization’s governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organization; or (2) the County is legally entitled to or can otherwise 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 for which the County approves the budget, the issuance of debt, or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary governments financial statements incomplete or misleading.

The Morrow County Hospital and the Morrow County Hospital Foundation (collectively, the “Hospital”) are a blended component unit and presented as part of the County’s primary government as an enterprise fund. The Morrow County Hospital is an acute and extended care facility and the Morrow County Hospital Foundation supports the Hospital and community programs to improve the health and well-being of the people served by the Hospital.

The County has two potential component units which meet the criteria for reporting as discretely presented component units. However, due to a low level of activity and balances of assets/liabilities, the financial activities of the following organizations have not been reflected in the accompanying basic financial statements:

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Morrow County Transportation Improvement District - The Morrow County Transportation Improvement District (the "District"), is a body politic and corporate, created for the purpose to acquire, construct, enlarge, improve, equip, sell, lease, lease-purchase, exchange, or otherwise dispose of property, structures, and other facilities for transportation projects. The District was specifically created pursuant to Chapter 5540 of the Ohio Revised Code, as amended. The District is governed by a Board of Trustees that acts as the authoritative and legislative body of the entity. The Board is comprised of seven members of whom five are voting and two are non-voting. The five voting Board members are appointed by the Board of Morrow County Commissioners. In addition, the County is able to impose its will on the District. Separately issued financial statements can be obtained from the Morrow County Auditor at 48 East High Street, Room 7, Mount Gilead, Ohio 43338.

Morrow County Land Reutilization Corporation - (the "Land Bank") is a legally separate not-for-profit organization, created under Ohio Revised Code Section 5722.02 to 5722.15 and Chapter 1724 in November of 2015. The Purpose of the Land bank is to facilitate the effective reutilization of nonproductive land situated within Morrow County's boundaries. The Land Bank has been designated as the County's agent for reclamation, rehabilitation, and reutilization of vacant, abandoned, tax-foreclosed or other real property in the County by exercising the powers of the County under Chapter 5722 of the Ohio Revised Code. The Land Bank will assist and facilitate activities of governmental entities in clearing, assembling and clearing title to land for economic development purposes. The Land Bank operates under a five member Board of Directors, consisting of two County Commissioners, the County Treasurer, one representative from the municipal corporation with the largest population (Village of Mount Gilead), and one at large representative from the County. The Land Bank had \$190,265 in revenues, \$29,796 in expenses and an ending net position of \$500,631 in 2023. Separately issued financial statements can be obtained from the Morrow County Auditor at 48 East High Street, Room 7, Mount Gilead, Ohio 43338.

EXCLUDED POTENTIAL COMPONENT UNITS

As counties are structured in Ohio, the County Auditor and County Treasurer, respectively, serve as fiscal officer and custodian of funds for various agencies, Boards and commissions. As fiscal officer, the County Auditor certifies the availability of cash and appropriations prior to the processing of payments and purchases. As the custodian of all public funds, the County Treasurer invests 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 and custodian, but is not accountable; therefore, the operations of the following entities have been excluded from the County's BFS, but the funds held on behalf of these entities in the County Treasury are included in the custodial funds within the BFS.

Morrow County Soil and Water Conservation District
Morrow County Disaster Services
Morrow County Law Library
Morrow County General Health District
Morrow County Airport Authority
Morrow County Park District

Information in the notes to the financial statements is applicable to the primary government. When information is provided relative to the component unit, it is specifically identified.

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

JOINTLY GOVERNED ORGANIZATIONS

County Risk Sharing Authority, Inc. (CORSA) - CORSA is jointly governed by sixty-five counties in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

Each member has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the CORSA are managed by an elected Board of not more than nine trustees. Only County Commissioners of member counties are eligible to serve on the Board. No county may have more than one representative on the Board at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees.

Delaware-Knox-Marion-Morrow Joint Solid Waste District - The Delaware-Knox-Marion-Morrow Joint Solid Waste District (the "District") makes the disposal of waste in the four county area more comprehensive in terms of recycling, incinerating, and land filling. The Board of Directors consists of twelve members: the three County Commissioners of each of the four counties. The Board exercises total control over the operation of the District including budgeting, appropriating, contracting, and designating management. The County has no ongoing financial interest or responsibility for the District. Most of the District's revenue was received from private haulers. Information can be obtained from the Delaware-Knox-Marion-Morrow Joint Solid Waste Management District, 117 E. High Street Suite 257, Mount Vernon, Ohio 43050.

Morrow County Development Authority (Authority) - The Authority was created under the Ohio Revised Code. The Authority conducts economic development activities. The five-member Board of Directors is appointed by the Morrow County Commissioners. The board exercises total control over the operation of the corporation including budgeting, appropriating, contracting and designating management. The County's degree of control is limited to representation on the Board. In 2023, the County held \$5,000,000 in revenue bonds issued by the Authority for the construction of a garage facility. The County entered into a cooperative agreement with the Authority to pledge motor fuel excise tax revenue to the Authority to be used for the repayment of the revenue bonds.

JOINT VENTURE WITHOUT EQUITY INTEREST

Delaware-Morrow Mental Health and Recovery Services Board - The Delaware-Morrow Mental Health and Recovery Services Board (the "Board") is a joint venture between Delaware and Morrow Counties. The headquarters for the Board is in Delaware County. The Board provides mental health and recovery services. Statutorily created, the Board is made up of eighteen members, with ten appointed by the County Commissioners, four by the State Director of Alcohol and Drug Addiction Services and four by the State Director of Mental Health. The County Commissioners' appointments are based on county population. Four of the ten members are appointed by the County Commissioners from Morrow County while six are appointed by the County Commissioners of Delaware County. Revenues to provide mental health and recovery services are generated through a one mil tax levy and through State and federal grants.

The Board does not have any outstanding debt. The Board is not accumulating significant financial resources nor experiencing fiscal stress that may cause an additional benefit or burden to the County. The existence of the Board depends upon the continuing participation of the County; however, the County does not have an equity interest in the Board. Separate financial statements may be obtained by contacting the Delaware-Morrow Health and Recovery Services Board, 40 North Sandusky Street, Suite 301, Delaware, Ohio 43015.

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Basis of Presentation

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 statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the County at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the County's governmental activities and for the business-type activities of the County. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. The policy of the County is to not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County.

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 and proprietary fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activities of the proprietary funds. For the County, these revenues are primarily patient service revenue for the Hospital, and charges for services for sewer district operations. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

C. 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: 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. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the County's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Motor vehicle and gas tax - This fund accounts for monies received by the County for State gasoline tax and vehicle registration fees that are restricted for County road and bridge maintenance, construction and improvements.

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Public assistance - This fund accounts for various federal and State grants, as well as amounts charged to the general fund that are restricted to provide public assistance to general relief recipients, pay their providers for medical assistance and for certain public social services.

County board of developmental disabilities (County Board of DD) - This fund accounts for revenues that are restricted for the operation of a school and the costs of administering a workshop for the developmentally disabled. Revenue sources include a countywide property tax levy and federal and State grants.

Other governmental funds of the County are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Proprietary Funds - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The County has presented the following major proprietary funds:

Morrow County Hospital - This fund accounts for the operation of the County Hospital and the Hospital Foundation. The cost of operating the Hospital facility is financed primarily through user patient services revenues.

Sewer District - This fund accounts for the operation of the sewer district and the cost of operating the sewer district is financed through user services revenues.

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 has no trust funds. Custodial funds are used to account for other fiduciary activities that are not required to be reported in a trust fund. The County's fiduciary funds are custodial funds which are used to account for amounts held as fiscal agent for other entities, and property taxes, special assessments, and other "pass through" monies to be distributed to local governments other than the County.

D. Measurement Focus

Government-Wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, all deferred outflows of resources, all liabilities and all deferred inflows of resources associated with the operation of the County are included on the statement of net position. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position.

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current deferred outflows of resources, current liabilities and current deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary activities. Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds.

E. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the basic financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange Transactions - Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the County, available means expected to be received within sixty days of year end.

Nonexchange transactions, in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenues from sales taxes are recognized in the year in which the sales are made (See Note 7). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from all other nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: sales tax, interest, federal and State grants and subsidies, State-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), fees and rentals.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 16 and 17 for deferred outflows of resources related to net pension liability/asset and net OPEB liability, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources until that time. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2023, but which were levied to finance 2024 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 16 and 17 for deferred inflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

Expense/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

F. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The level of budgetary control is at the object level within each department. Although the legal level of budgetary control was established at the object level within each department level of expenditures, the County has elected to present budgetary statement comparisons at the fund and function levels of expenditures. Budgetary modifications at the legal level of budgetary control may only be made by resolution of the County Commissioners.

Budgetary information for the Whetstone Industries Inc. and the Morrow County Hospital is not reported because they are not included in the entity for which the “appropriated budget” is adopted and separate budgetary financial records are not maintained.

Tax Budget - A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The purpose of the Tax Budget is to reflect the need for existing (or increased) tax rates.

Estimated Resources - The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews revenue estimates. The Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources, which states the projected revenue of each fund.

MORROW COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

On or about January 1, the certificate of estimated resources is amended to include unencumbered fund balances at December 31. Further amendments may be made during the year if the County Auditor determines that revenue to be collected will be greater than or less than the prior estimates and the Budget Commission find the revised estimates to be reasonable. The amounts set forth in the budgetary statements represent estimates from the first (original budget) and final (final budget) amended certificates issued during 2023.

Appropriations - A temporary appropriations resolution to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriations resolution must be passed by April 1 of each year for the period January 1 to December 31. The appropriations resolution may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified.

The allocation of appropriations among departments and objects within a fund (the legal level of budgetary control) may be modified during the year by a resolution of the County Commissioners. Several supplemental appropriation resolutions were legally enacted by the County Commissioners during the year. In the budgetary statements, the original budgeted amounts represent the original budgeted appropriations that covered the entire year of 2023. The final budgeted figures reflect the original budgeted amounts plus all budgetary amendments and supplemental appropriations that were legally enacted during 2023.

Lapsing of Appropriations - At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding year and is not re-appropriated.

G. Cash and Investments

To improve cash management, cash received by the County is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the County's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements.

During 2023, investments were limited to State Treasury Asset Reserve of Ohio (STAR Ohio), commercial paper, U.S. Government Money Market funds, negotiable certificates of deposit (CDs), Municipal Bonds, federal agency securities and U.S. Treasury Notes. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The County measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of \$100 million or more is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

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 2023 amounted to \$996,486 which includes \$687,620 assigned from other County funds.

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The County reports segregated bank accounts and investments for monies held separately from the County's internal investment pool. These interest-bearing depository accounts and investments are presented on the financial statements as "cash and cash equivalents in segregated accounts" and "investments in segregated accounts" since they are not required to be deposited into the County treasury. Cash, cash equivalents and investments in segregated accounts include monies held, in a fiduciary capacity, in separate depository accounts outside of the internal investment pool by the County (reported as custodial funds) and monies held by the Hospital in separate depository and investment accounts.

For presentation on the basic financial statements and for purposes of the statement of cash flows, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the County are considered to be cash equivalents. In addition, non-current investments in the Hospital fund are considered cash and cash equivalents for purposes of the statement of cash flows. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the County's investment account at year end is provided in Note 4.

H. Materials and Supplies Inventory

On government-wide and fund financial statements, purchased inventories are presented at cost. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption for the governmental funds and medical and office supplies and pharmaceutical products for the Hospital.

I. Capital Assets

Governmental capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The County maintains a capitalization threshold of \$5,000. The County's infrastructure consists of roads, bridges, culverts and sanitary sewers. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets are depreciated/amortized except for land and construction in process. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the County's historical records of necessary improvements and replacements.

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Depreciation/amortization is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land improvements	10 - 40 years	5 - 25 years
Buildings	20 - 50 years	10 - 50 years
Building improvements	20 - 50 years	N/A
Machinery and equipment	5 - 50 years	5 - 20 years
Infrastructure	20 - 50 years	20 - 50 years
Vehicles	5 - 20 years	N/A
Software	5 years	N/A
Intangible right to use assets:		
Leased equipment	3 - 5 years	5 years
Leased buildings	5 years	5 years
Subscriptions	3 - 5 years	3 - 5 years

The County is reporting intangible right to use assets related to leased equipment, subscriptions, and leased buildings. The intangible assets are being amortized in a systematic and rational manner over the shorter of the contract term or the useful life of the underlying asset.

J. Compensated Absences

Compensated absences of the County consist of vacation leave, compensatory time and sick leave to the extent that payment to the employee for these absences is attributable to services already rendered and is not contingent on a specific event that is outside the control of the County and the employee.

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for compensatory time is accrued by those employees that are exempt from overtime. A liability for sick leave is based on the sick leave accumulated at December 31, 2023, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. Sick leave benefits are accrued using the “Vesting” method. The County records a liability for accumulated unused vested sick leave for employees with at last fifteen years of service with the County or who are over fifty-five years of age.

The total liability for vacation, compensatory time and sick leave payments has been calculated using pay rates in effect at December 31, 2023 and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments.

County employees earn vacation at varying rates ranging from two to five weeks per year. Sick leave is accumulated at the rate of 4.6 hours per 80 hours worked for the sheriff’s office and at the rate of 2.62 hours per 80 hours worked for all other county employees. Vacation and sick leave are accumulated on an hour worked basis. Vacation pay is vested after one year and sick pay upon eligibility for retirement. Accumulated vacation cannot exceed three times the annual accumulation rate for an employee.

The entire compensated absences liability is reported on the government-wide financial statements.

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the accounts "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported in the governmental funds. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. Prepayments

Payments made to vendors for services that will benefit periods beyond December 31, 2023, are recorded as prepayments using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

On the fund financial statements, reported prepayments are equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

L. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported in the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, leases and loans are recognized as a liability in the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

M. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues.

During the normal course of operations, the County has numerous transactions between funds. Transfers represent movement of resources from a fund receiving revenue to a fund through which those resources will be expended and are recorded as other financing sources (uses) in governmental funds and as transfers in proprietary funds. Interfund transactions that would be treated as revenues and expenditures/expenses if they involved organizations external to the County are treated similarly when involving other funds of the County.

Outstanding balances between funds for goods and services rendered are reported as "due from/to other funds." Receivables and payables resulting from interfund loans are reported as "interfund loans receivable/payable." These amounts are eliminated in the statement of net position, except for any residual balances outstanding between the governmental activities and business-type activities, which are reported in the government-wide financial statements as "internal balances". Outstanding balances between governmental activities and custodial funds are reported as "due to / due from external parties".

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

N. 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 classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

Restricted - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling 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 Board of Commissioners (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the Board of Commissioners removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. 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 nor 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 policies of the Board of Commissioners.

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 only used to report a deficit fund 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 restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

O. Unamortized Bond Premium and Discount / Unamortized Deferred Charges on Debt Refunding/Bond Issuance Costs

Bond premiums and discounts are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds. Bond discounts are presented as a reduction to the face amount of the bonds. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 13.A.

For advance refunding’s resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources.

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Bond and note issue costs are expensed when they occur.

P. Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The net position component “Net investment in capital assets”, consists of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position.

Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes consists primarily of programs to enhance the security of persons and property and for general government operations.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the County Commissioners and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2023.

R. Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

S. Patient Accounts Receivable

For the Hospital, accounts receivable for patients, insurance companies, and governmental agencies are based on gross charges. An allowance for uncollectible accounts is established on an aggregate basis by using historical write-off rate factors applied to unpaid accounts based on aging. Loss rate factors are based on historical loss experience and adjusted for economic conditions and other trends affecting the Hospital’s ability to collect outstanding amounts. Uncollectible amounts are written off against the allowance for doubtful accounts in the period they are determined to be uncollectible. An allowance for contractual adjustments and interim payment advances is based on expected payment rates from payors based on current reimbursement methodologies. This amount also includes amounts received as interim payments against unpaid claims by certain payors.

The details of the patient accounts receivable are set forth below:

	<u>2023</u>
Patient accounts receivable	\$ 8,144,109
Less:	
Allowance for uncollectible accounts	(1,119,054)
Allowance for contractual adjustments	<u>(3,972,892)</u>
Net accounts receivable	<u>\$ 3,052,163</u>

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The Hospital grants credit without collateral to patients, most of who are local residents and are insured under third-party payor agreement. The composition of receivables from patients and third-party payors was as follows:

	<u>2023</u>	
Medicare and Managed Medicare	34%	
Medicaid and Managed Medicaid	9%	
Commercial insurance	50%	
Self-pay	<u>7%</u>	
Total	<u>100%</u>	

T. Assets Limited as to Use

Assets limited as to use consist of invested funds designated by the Hospital’s Board of Trustees for future capital improvements or for debt service.

U. Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactively calculated adjustments arising under reimbursement agreements with third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

Laws and regulations governing Medicare and Medicaid programs are complex and subject to interpretation. Management of the Hospital believes that it is in compliance with all applicable laws and regulations. Final determination of compliance with such laws and regulations is subject to future government review and interpretation. Violations may result in significant regulatory action, including fines penalties, and exclusions from Medicare and Medicaid programs.

V. Contributions

The Hospital reports gifts or property and equipment as unrestricted unless explicit donor stipulations specify how the donated assets must be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Hospital reports the expiration of donor restrictions when the assets are placed in service.

W. Charity Care

The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. During 2023, the Hospital provided charity care of approximately \$620,000.

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

X. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, net pension asset, net OPEB asset, deferred outflows of resources and deferred inflows of resources related pensions/OPEB, and pension/OPEB expense, 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.

Y. Fair Value Measurements

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 3 – CHANGE IN ACCOUNTING PRINCIPLES

For 2023, the County has implemented GASB Statement No. 94, “Public-Private and Public-Public Partnerships and Availability Payment Arrangements”, GASB Statement No. 96, “Subscription Based Information Technology Arrangements”, certain questions and answers of GASB Implementation Guide 2021-1 and certain paragraphs of GASB Statement No. 99, “Omnibus 2022”.

GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the County.

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

These changes were incorporated in the County’s 2023 financial statements. The County recognized \$38,312 in governmental activities in subscriptions payable at January 1, 2023; however, this entire amount was offset by the intangible asset, right-to-use subscription assets.

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on the financial statements of the County.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve 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 GASB Statement No. 99 did not have an effect on the financial statements of the County.

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 4 - 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 demand 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 in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the fair 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 that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio; and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items 1 or 2 above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Protection of the deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions 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.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives 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 purchase 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Cash on hand: At year end, the County had \$3,000 in undeposited cash on hand which is included on the financial statements of the County as part of “equity in pooled cash and investments”.

A. Cash, Cash Equivalents, and Investments in Segregated Accounts

Cash, cash equivalents and investments in segregated accounts (both restricted and unrestricted) consist of funds maintained by the Morrow County Hospital that are held outside of the County’s internal investment pool and funds maintained by the County in outside depository accounts separate from the County’s internal investment pool. These amounts are included in “Deposits with Financial Institutions”, “Investments - in Segregated Accounts”, and “Cash - in Segregated Accounts” below.

B. Deposits with Financial Institutions

At December 31, 2023, the carrying amount of all County deposits was \$4,433,203. As of December 31, 2023, \$3,011,374 of the County’s bank balance of \$5,137,097 was exposed to custodial risk as discussed below, while \$2,125,723 was covered by the FDIC.

Custodial credit risk 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. The County has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City’s 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 (2) participation in the OPCS. 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. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the County to a successful claim by the FDIC.

C. Investments

As of December 31, 2023, the County had the following investments and maturities:

Measurement/ <u>Investment type</u>	Measurement <u>Amount</u>	Investment Maturity				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
<i>Fair Value:</i>						
U.S. Government						
Money Market	\$ 566,476	\$ 566,476	\$ -	\$ -	\$ -	\$ -
Commercial Paper	615,215	372,855	242,360	-	-	-
Negotiable CDs	7,244,042	1,319,926	1,082,598	1,546,236	233,081	3,062,201
Municipal Bonds	6,041,451	99,373	226,260	-	229,098	5,486,720
FFCB	2,745,129	-	-	298,180	571,566	1,875,383
FHLB	5,517,530	-	776,934	886,333	242,653	3,611,610
FHLMC	593,109	-	294,819	-	-	298,290
FNMA	286,759	-	-	-	-	286,759
U.S. Treasury Notes	5,258,123	795,727	-	-	249,533	4,212,863
<i>Amortized Cost:</i>						
STAR Ohio	4,265,056	4,265,056	-	-	-	-
Total	\$ 33,132,890	\$ 7,419,413	\$ 2,622,971	\$ 2,730,749	\$ 1,525,931	\$ 18,833,826

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

The County’s investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The County’s investments in federal agency securities (FFCB, FHLB, FHLMC, FNMA), municipal bonds, U.S. Treasury Notes, commercial paper, and negotiable CD’s are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

The weighted average maturity of investments is 2.98 years.

Interest Rate Risk: The Ohio Revised Code general limits security purchases to those that mature within five years of the settlement date. Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase.

The County’s investment policy addresses interest rate risk by requiring the consideration of market conditions and cash flow requirements in determining the term of an investment.

Credit Risk: STAR Ohio and the U.S. government money market mutual fund were rated AAAM by Standard & Poor’s. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The federal agency securities were rated AA+ and Aaa by Standard & Poor’s and Moody’s Investor Services, respectively. The municipal bonds were rated AA to AA+ by Standard & Poor’s.

The County’s investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The County’s investment policy addresses concentration of credit risk by requiring investments to be diversified to reduce the risk of loss resulting from over concentration of assets in a specific issue or specific class of securities. The following table includes the percentage of each investment type held by the County at December 31, 2023:

Measurement/ <u>Investment type</u>	Measurement	
	<u>Amount</u>	<u>% of Total</u>
<i>Fair Value:</i>		
U.S. Govt Money Market	\$ 566,476	1.71
Commercial Paper	615,215	1.86
Negotiable CDs	7,244,042	21.86
Municipal Bonds	6,041,451	18.23
FFCB	2,745,129	8.29
FHLB	5,517,530	16.65
FHLMC	593,109	1.79
FNMA	286,759	0.87
U.S. Treasury Notes	5,258,123	15.87
<i>Amortized Cost:</i>		
STAR Ohio	<u>4,265,056</u>	<u>12.87</u>
Total	<u>\$ 33,132,890</u>	<u>100.00</u>

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2023:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 4,433,203
Investments	33,132,890
Investments - in segregated accounts	16,800,690
Cash on hand	3,000
Cash - in segregated accounts	<u>6,796,163</u>
Total	<u>\$ 61,165,946</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 29,183,431
Business-type activities	25,518,179
Custodial funds	<u>6,464,336</u>
Total	<u>\$ 61,165,946</u>

NOTE 5 - INTERFUND TRANSACTIONS

Internal borrowings consist of internal notes and bonds issued by various funds to finance projects internally rather than through outside parties. Each internal note or bond is identified as to which fund is liable for repayment. However, the actual borrowing comes from a pool of funds rather than specific funds. The borrowings pay interest to specified funds based on the percentage of fund balances.

For reporting purposes, these interfund transactions were reflected as an interfund receivable and an interfund payable in the respective funds.

A. Due from/to other funds consisted of the following at December 31, 2023, as reported on the fund financial statements:

	Due from			
	General	Motor Vehicle and Gas Tax	Nonmajor Governmental	Total
<u>Due to</u>				
General	\$ -	\$ -	\$ 2,287	\$ 2,287
Public assistance	18,453	-	62,662	81,115
County Board of				
Developmental Disabilities	15	-	-	15
Sewer Fund	904	-	-	904
Nonmajor governmental funds	<u>-</u>	<u>538</u>	<u>16,365</u>	<u>16,903</u>
Total	<u>\$ 19,372</u>	<u>\$ 538</u>	<u>\$ 81,314</u>	<u>\$ 101,224</u>

The balances resulted from the time lag between the dates that payments between the funds are made. Amounts due to/from other funds between governmental funds are eliminated on the government-wide financial statements. Outstanding balances between governmental funds and enterprise funds are reported as an internal balance.

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

- B.** Interfund transfers for the year ended December 31, 2023, consisted of the following, as reported on the fund financial statements:

<u>Transfers from general fund to:</u>	
Nonmajor governmental funds	\$ 735,681
 <u>Transfers from public assistance fund to:</u>	
Nonmajor governmental funds	45,637
 <u>Transfer from nonmajor governmental funds to:</u>	
Nonmajor governmental funds	<u>195,251</u>
Total	<u>\$ 976,569</u>

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. In addition, transfers were made during 2023 to make debt payments out of the appropriate funds.

Transfers between governmental funds are eliminated on the government-wide financial statements.

All transfers were made in compliance with Ohio Revised Code Section 5705.14, 5705.15 and 5705.16.

- C.** Due to/from external parties at December 31, 2023, consisted of the following as reported on the fund statements:

	<u>Due from</u>
	Custodial
	funds
<u>Due to</u>	
General	<u>\$ 1,771</u>

These balances resulted from the time lag between the dates that (1) goods and services are provided, (2) transactions are recorded in the accounting system, and (3) payments are made. All balances are due within one year.

- D.** Interfund loans receivable/payable consisted of the following at December 31, 2023 as reported on the fund statements:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor governmental funds	Sewer fund	<u>\$ 56,400</u>

These balances resulted from internal borrowings and advances of money between funds. Interfund balances between governmental funds are eliminated on the government-wide statement of net position. The outstanding balance due from the sewer fund to the nonmajor governmental funds is reported as an internal balance.

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 6 - PROPERTY TAX

Property taxes include amounts levied against all real and public utility property located in the County. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. 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 real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2023 public utility property taxes became a lien December 31, 2022, are levied after October 1, 2023, and are collected in 2024 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to the County its portion of the taxes collected. The collection and distribution of taxes for all subdivisions within the County, excluding the County itself, is accounted for through custodial funds. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2023 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by deferred inflows of resources since the current taxes were not levied to finance 2023 operations and the collection of delinquent taxes has been offset by deferred inflows of resources since the collection of the taxes during the available period is not subject to reasonable estimation.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred inflows of resources.

The full tax rate for all County operations for the year ended December 31, 2023 was \$16.70 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2023 property tax receipts were based are as follows:

Real property

Residential/agricultural	\$ 1,199,041,860
Commercial/industrial/mineral	95,628,240
Personal public utility	<u>70,605,750</u>
Total assessed value	<u>\$ 1,365,275,850</u>

NOTE 7 - PERMISSIVE SALES AND USE TAX

The County Commissioners by resolution imposed a 1.5 percent tax on all 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 State Office of Budget and Management 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 the month of collection. The State Office of Budget and Management then have five days in which to draw the warrant payable to the County.

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 7 - PERMISSIVE SALES AND USE TAX – (Continued)

Proceeds of the tax are credited entirely to the general fund. A receivable is recognized at year-end for amounts that will be received from sales which occurred during 2023 and amounts that are measurable and available at year end are accrued as revenue. Amounts received outside the available period are recorded as deferred inflows of resources on the fund financial statements and as revenue on the government-wide financial statements. Sales and use tax revenue for 2023 amounted to \$6,139,062 on the governmental fund financial statements.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2023, consisted of taxes, accounts (billings for user charged services), accrued interest, loans and intergovernmental receivables arising from grants, entitlements and shared revenue. All intergovernmental receivables have been classified as “due from other governments” on the financial statements. Receivables have been recorded to the extent that they are measurable at December 31, 2023.

NOTE 9 - LOANS RECEIVABLE

A summary of the changes in loans receivable reported in the nonmajor governmental funds follows:

	<u>Balance</u> <u>12/31/22</u>	<u>Loans</u> <u>Issued</u>	<u>Principal</u> <u>Received</u>	<u>Adjustments</u>	<u>Balance</u> <u>12/31/23</u>
<u>Special Revenue Funds</u>					
Community block and HOME Investments					
partnerships program grants commercial loans	\$ 78,691	\$ 100	\$ (9,124)	\$ -	\$ 69,667
Home investment partnership	14,851	200	(1,526)	(20)	13,505
Water/sewer revolving loans	19,567	740	(2,323)	-	17,984
Rural hardship revolving loans	<u>13,741</u>	<u>940</u>	<u>(358)</u>	<u>4</u>	<u>14,327</u>
Total	<u>\$ 126,850</u>	<u>\$ 1,980</u>	<u>\$ (13,331)</u>	<u>\$ (16)</u>	<u>\$ 115,483</u>

NOTE 10 - RESTRICTED ASSETS

The Hospital has assets whose use is limited consisting of invested funds designated by the Hospital’s Board of Trustees for future capital improvements or for debt service. Investments consist principally of U.S. Government securities and are recorded at fair value. The composition of assets whose use is limited at December 31, 2023, is set forth in the following table:

Board restricted for capital improvements:	
Cash and cash equivalents in segregated accounts	\$ 4,334,951
Investments in segregated accounts	<u>740,408</u>
Total	<u>\$ 5,075,359</u>

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MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 11 - CAPITAL ASSETS

A. A summary of the business-type activities capital assets for the year ended December 31, 2023 is as follows:

<u>Business-type activities:</u>	<u>Balance</u> <u>12/31/22</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/23</u>
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 2,143,315	\$ 89,513	\$ -	\$ 2,232,828
Construction in progress	<u>719,431</u>	<u>975,524</u>	<u>(289,859)</u>	<u>1,405,096</u>
<i>Total capital assets, not being depreciated/amortized</i>	<u>2,862,746</u>	<u>1,065,037</u>	<u>(289,859)</u>	<u>3,637,924</u>
<i>Capital assets, being depreciated/amortized:</i>				
Land improvements	740,277	51,433	-	791,710
Buildings	6,530,331	148,981	-	6,679,312
Equipment	23,514,875	866,670	(30,765)	24,350,780
Infrastructure	4,374,960	-	-	4,374,960
Intangible right to use - assets - buildings	440,719	-	-	440,719
Intangible right to use - assets - equipment	<u>462,441</u>	<u>228,755</u>	<u>-</u>	<u>691,196</u>
<i>Total capital assets, being depreciated/amortized</i>	<u>36,063,603</u>	<u>1,295,839</u>	<u>(30,765)</u>	<u>37,328,677</u>
Less: accumulated depreciation/amortization:				
Land improvements	(785,985)	(25,533)	-	(811,518)
Buildings	(4,915,454)	(157,915)	-	(5,073,369)
Equipment	(20,197,557)	(697,732)	30,483	(20,864,806)
Infrastructure	(725,976)	(96,449)	-	(822,425)
Intangible right to use assets	<u>(335,498)</u>	<u>(461,831)</u>	<u>-</u>	<u>(797,329)</u>
Total accumulated depreciation/amortization	<u>(26,960,470)</u>	<u>(1,439,460)</u>	<u>30,483</u>	<u>(28,369,447)</u>
Total capital assets, being depreciated/amortized, net	<u>9,103,133</u>	<u>(143,621)</u>	<u>(282)</u>	<u>8,959,230</u>
Business-type activities capital assets, net	<u>\$ 11,965,879</u>	<u>\$ 921,416</u>	<u>\$ (290,141)</u>	<u>\$ 12,597,154</u>

Depreciation/amortization expense was charged to enterprise funds of the County as follows:

<u>Business-type activities:</u>	
Morrow County Hospital	\$ 1,309,571
Sewer	<u>129,889</u>
Total depreciation/amortization expense - business-type activities	<u>\$ 1,439,460</u>

B. A summary of the governmental activities capital assets for the year ended December 31, 2023 is on the following page. Capital assets have been restated for the implementation of GASB Statement 96, see note 3 for details.

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 11 - CAPITAL ASSETS – (Continued)

<u>Governmental activities:</u>	(Restated) Balance <u>12/31/22</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>12/31/23</u>
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 764,057	\$ -	\$ -	\$ 764,057
Construction in progress	-	1,600,381	-	1,600,381
Total capital assets, not being depreciated/amortized	<u>764,057</u>	<u>1,600,381</u>	<u>-</u>	<u>2,364,438</u>
<i>Capital assets, being depreciated/amortized:</i>				
Land improvements	209,638	-	-	209,638
Buildings	14,013,699	-	-	14,013,699
Building improvements	5,307,335	23,515	-	5,330,850
Equipment	5,205,419	504,466	(17,785)	5,692,100
Software	709,094	-	-	709,094
Vehicles	9,563,317	426,950	(45,523)	9,944,744
Infrastructure	63,954,292	561,297	-	64,515,589
Intangible right to use - subscriptions	38,312	-	-	38,312
Intangible right to use - leased equipment	691,643	19,333	(94,886)	616,090
Intangible right to use - leased buildings	53,895	-	-	53,895
Total capital assets, being depreciated/amortized	<u>99,746,644</u>	<u>1,535,561</u>	<u>(158,194)</u>	<u>101,124,011</u>
<i>Less: accumulated depreciation/amortization:</i>				
Land improvements	(167,705)	(902)	-	(168,607)
Buildings	(7,874,762)	(249,225)	-	(8,123,987)
Building improvements	(2,627,899)	(196,846)	-	(2,824,745)
Equipment	(3,173,792)	(514,213)	17,785	(3,670,220)
Software	(487,677)	(95,331)	-	(583,008)
Vehicles	(7,599,731)	(435,144)	45,523	(7,989,352)
Infrastructure	(37,114,800)	(1,217,378)	-	(38,332,178)
Intangible right to use - subscriptions	-	(17,396)	-	(17,396)
Intangible right to use - leased equipment	(247,202)	(87,142)	77,475	(256,869)
Intangible right to use - leased buildings	(10,779)	(10,779)	-	(21,558)
Total accumulated depreciation/amortization	<u>(59,304,347)</u>	<u>(2,824,356)</u>	<u>140,783</u>	<u>(61,987,920)</u>
Total capital assets being depreciated/amortized, net	<u>40,442,297</u>	<u>(1,288,795)</u>	<u>(17,411)</u>	<u>39,136,091</u>
Governmental activities capital assets, net	<u>\$ 41,206,354</u>	<u>\$ 311,586</u>	<u>\$ (17,411)</u>	<u>\$ 41,500,529</u>

Depreciation/amortization expense was charged to functions/programs of the governmental activities as follows:

Legislative and executive	\$ 679,494
Judicial	32,834
Public safety	439,127
Public works	1,458,458
Health	17,377
Human services	188,680
Other	8,386
Total depreciation/amortization expense - governmental activities	<u>\$ 2,824,356</u>

MORROW COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 12 - COMPENSATED ABSENCES

Vacation, compensatory time, and sick leave accumulated by governmental fund type employees have been recorded in the governmental activities on the statement of net position. Vacation, compensatory time and sick leave earned by proprietary funds type employees is expensed when earned.

County employees earn vacation at varying rates ranging from two to five weeks per year. Vacation is recommended to be taken within one year of the employee's anniversary date. Vacation can accumulate up to three times the annual vacation rate for an employee. All accumulated, unused vacation time is paid upon separation from the County. Compensatory time is time accrued by employees that are not exempt from overtime. Such employees can accrue compensatory time up to, but not exceed a 90 hour limit. Sick leave is accumulated at the rate of .0575/hour for every hour worked. Upon retirement, employees are entitled to varying percentages of their accumulated sick leave up to varying maximum number of days, depending on department. At December 31, 2023, vested benefits for vacation leave and compensatory time for governmental fund employees totaled \$1,094,039 and vested benefits for sick leave totaled \$329,817.

For the Hospital, paid time-off is charged to operations when earned. Unused and earned benefits are recorded as a liability on the financial statements. Employees' accumulated vacation days and sick leave benefits are calculated at varying rates depending on the years of service. Employees are not paid for accumulated sick leave if they leave before retirement. However, employees who retire from the Hospital may convert accumulated sick leave to termination payments equal to one-fourth of the accumulated balance, up to a maximum of 240 hours, calculated at the employees' base pay rate as of the retirement date.

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MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13 - LONG-TERM OBLIGATIONS

A. Governmental Activities

Governmental activities has been restated for the implementation of GASB Statement 96, see Note 3 for detail. During 2023, the following changes occurred in the County’s governmental activities long-term obligations:

	(Restated) Balance <u>12/31/22</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/23</u>	Amount Due in <u>One Year</u>
<u>General obligation bonds:</u>					
Various purpose refunding bonds	\$2,410,000	\$ -	\$ (190,000)	\$2,220,000	\$200,000
Courthouse improvement refunding bonds (direct borrowing)	<u>1,430,000</u>	<u>-</u>	<u>(100,000)</u>	<u>1,330,000</u>	<u>95,000</u>
Total general obligation bonds	<u>3,840,000</u>	<u>-</u>	<u>(290,000)</u>	<u>3,550,000</u>	<u>295,000</u>
<u>Loans payable (direct borrowing):</u>					
JFS service garage	<u>69,000</u>	<u>-</u>	<u>(16,000)</u>	<u>53,000</u>	<u>17,000</u>
<u>OWDA loans payable (direct borrowing):</u>					
OWDA loan payable	<u>1,875</u>	<u>-</u>	<u>(1,875)</u>	<u>-</u>	<u>-</u>
<u>Other long-term obligations:</u>					
Compensated absences payable	1,291,469	1,156,269	(1,023,882)	1,423,856	1,152,815
Net pension liability	7,219,167	16,492,147	-	23,711,314	-
Net OPEB liability	-	487,938	-	487,938	-
Leases payable	397,704	18,296	(126,717)	289,283	114,302
SBITA payable	<u>38,312</u>	<u>-</u>	<u>(14,966)</u>	<u>23,346</u>	<u>14,337</u>
Total other long-term obligations	<u>8,946,652</u>	<u>18,154,650</u>	<u>(1,165,565)</u>	<u>25,935,737</u>	<u>1,281,454</u>
Total long-term obligations	12,857,527	<u>\$ 18,154,650</u>	<u>\$ (1,473,440)</u>	29,538,737	<u>\$ 1,593,454</u>
Add: unamortized premium	<u>97,735</u>			<u>88,782</u>	
Total reported on statement of net position	<u>\$ 12,955,262</u>			<u>\$ 29,627,519</u>	

General Obligation Bonds: The general obligation bonds are supported by the full faith and credit of the County.

During 2014 the County issued Court House Renovation Bonds to help fund upgrades to the County’s Courthouse. These bonds were refunded in 2020.

On June 1, 2015, the County issued \$3,240,000 in Refunding Bonds (Series 2015) which mature serially on December 1, 2016 through December 1, 2018 inclusive, and term bonds which mature on December 1, 2027, December 1, 2029, December 1, 2031, and December 1, 2033. The bonds were issued to refund \$2,880,000 of the Series 2008 general obligation bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. Payments are made from the consolidated county debt service fund (a nonmajor governmental fund).

The reacquisition price exceeded the net carrying amount of the old debt by \$424,924. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt, which has a final maturity date of December 1, 2033.

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

The bonds maturing on December 1, 2027 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the year and in the respective principal amount as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2026	\$200,000

The remaining principal amount of such bonds (\$205,000) will be paid at stated maturity on December 1, 2027.

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

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2028	\$215,000

The remaining principal amount of such bonds (\$220,000) will be paid at stated maturity on December 1, 2029.

The bonds maturing on December 1, 2031 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the year and in the respective principal amount as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2030	\$235,000

The remaining principal amount of such bonds (\$240,000) will be paid at stated maturity on December 1, 2031.

The bonds maturing on December 1, 2033 are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the year and in the respective principal amount as follows:

<u>Year</u>	<u>Principal Amount to be Redeemed</u>
2032	\$250,000

The remaining principal amount of such bonds (\$260,000) will be paid at stated maturity on December 1, 2033.

On September 18, 2020, the County issued \$1,640,000 in Refunding Bonds (Series 2020) in order to currently refund the remaining \$1,640,000 of courthouse improvement bonds issued in 2014. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The refunding bonds carry an interest rate of 2.22% and the final stated maturity is December 1, 2035. Payments are made from the consolidated county debt service fund (a nonmajor governmental fund).

The reacquisition price exceeded the net carrying amount of the refunded debt by \$40,816. This amount is included as a component of interest and fiscal charges expense since the refunded debt was currently refunded as of December 1, 2020. The refunding was undertaken in order to reduce total future debt service costs by \$345,404 and resulted in an economic gain of \$304,588.

MORROW COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

Loans Payable: The County has various loans payable as follows:

The County has received a zero percent interest rate loan from the Ohio Water Development Authority (OWDA) for the purpose of financing septic system replacements. OWDA loans are direct borrowings that have terms negotiated directly between the County and the OWDA and are not offered for public sale. In the event of default, the OWDA may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the County to pay any fines, penalties, interest, or late charges associated with the default. This loan is being retired from the community development block grant fund (a nonmajor governmental fund). This loan matured in 2023.

In 2007, the County entered into a loan agreement to finance a service garage for JFS in the amount of \$253,000. This loan is a direct borrowing that has terms negotiated directly between the County and the lender and are not offered for public sale. This loan bears an interest rate of 4.55% and is scheduled to mature in 2026. This loan is being retired from the JFS service garage fund (a nonmajor governmental fund).

Compensated Absences: Compensated absences will be paid from the fund which the employee is paid, which for the County, is primarily the general fund, motor vehicle and gas tax fund, County board of DD fund, public assistance fund and child support enforcement fund (a nonmajor governmental fund).

Net Pension Liability: See Note 15 for more information about net pension liability.

Net OPEB Liability: See Note 16 for more information on net OPEB liability.

Leases Payable: The County has entered into lease agreements for the right to use equipment and buildings. Due to the implementation of GASB Statement No. 87, the County will report an intangible capital asset and corresponding liability for the future scheduled payments under the leases. The lease payments will be paid from the general fund and various nonmajor governmental funds.

Subscription-Based Information Technology Arrangements (SBITAs) Payable: The County has entered into subscription agreements for the right to use software. Due to the implementation of GASB Statement No. 96, the County reports an intangible capital asset and corresponding liability for the future scheduled payments under the agreements. The SBITA payments will be paid from the general fund.

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MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

Future Debt Service Requirements: The following is a summary of the County's future annual debt service principal and interest requirements.

Year Ended December 31,	General Obligation Bonds			Leases Payable		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 295,000	\$ 114,864	\$ 409,864	\$ 114,302	\$ 8,246	\$ 122,548
2025	295,000	107,055	402,055	112,458	4,700	117,158
2026	305,000	98,835	403,835	48,730	1,264	49,994
2027	310,000	90,654	400,654	13,793	150	13,943
2028	325,000	81,823	406,823	-	-	-
2029 - 2033	1,775,000	257,237	2,032,237	-	-	-
2034 - 2035	245,000	8,214	253,214	-	-	-
Total	<u>\$ 3,550,000</u>	<u>\$ 758,682</u>	<u>\$ 4,308,682</u>	<u>\$ 289,283</u>	<u>\$ 14,360</u>	<u>\$ 303,643</u>

Year Ended December 31,	JFS Service Garage Loan			SBITAs Payable		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 17,000	\$ 2,441	\$ 19,441	\$ 14,337	\$ 665	\$ 15,002
2025	18,000	1,658	19,658	9,009	257	9,266
2026	18,000	829	18,829	-	-	-
Total	<u>\$ 53,000</u>	<u>\$ 4,928</u>	<u>\$ 57,928</u>	<u>\$ 23,346</u>	<u>\$ 922</u>	<u>\$ 24,268</u>

- B.** The Ohio Revised Code provides that the net general obligation debt of the County, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed one percent of the total assessed valuation of the County.

The Code further provides that the total voted and unvoted net debt of the County, less the same exempt debt, shall never exceed a sum equal to three percent of the first \$100,000,000 of the assessed valuation, plus one and one-half percent of such valuation in excess of \$100,000,000 and not in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000. The assessed valuation used in determining the County's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the County's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. Based on this calculation, the County's voted legal debt margin was \$29,081,896 at December 31, 2023 and the unvoted legal debt margin was \$13,652,759 at December 31, 2023.

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MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

C. Business-Type Activities

During 2023, the following changes occurred in the County's business-type activities long-term obligations:

	Balance			Balance	Amount
	<u>12/31/22</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/23</u>	<u>Due in</u>
					<u>One Year</u>
<u>Loans from direct borrowings:</u>					
OWDA loan #7105	\$ 650,312	\$ -	\$ (46,451)	\$ 603,861	\$ 46,450
SoMoCo sewer lines loan	2,155,920	-	(33,500)	2,122,420	-
<u>Other long-term obligations:</u>					
Sanitary sewer					
revenue bonds, series 2011	508,927	-	(11,706)	497,221	11,991
2016 USDA revenue					
bonds, series 2016	795,200	-	(17,300)	777,900	17,500
Net pension liability	3,796,306	9,120,235	-	12,916,541	-
Net OPEB liability	-	274,622	-	274,622	-
Leases payable	567,662	228,755	(461,831)	334,586	327,162
Compensated absences payable	<u>469,406</u>	<u>496,719</u>	<u>(469,406)</u>	<u>496,719</u>	<u>496,719</u>
Total business-type activities					
long-term obligations	<u>\$ 8,943,733</u>	<u>\$ 10,120,331</u>	<u>\$ (1,040,194)</u>	<u>\$ 18,023,870</u>	<u>\$ 899,822</u>

Sanitary Sewer Revenue Bonds: On July 5, 2011, the County issued \$610,000 in 2011 Sanitary Sewer Revenue Bonds to pay off the OWDA loan for the Johnsville Sanitary Sewer Project. The bond carries an interest rate of 2.75% and will mature June 1, 2051. These bonds will be retired from the sewer fund. Pledged revenues began being collected in 2013.

Year Ended December 31,	<u>Sanitary Sewer Revenue Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 11,991	\$ 13,704	\$ 25,695
2025	12,358	13,337	25,695
2026	12,698	12,997	25,695
2027	13,047	12,648	25,695
2028	13,372	12,323	25,695
2029 - 2033	72,733	55,742	128,475
2034 - 2038	83,303	45,172	128,475
2039 - 2043	95,409	33,066	128,475
2044 - 2048	109,268	19,207	128,475
2049 - 2051	<u>73,042</u>	<u>4,040</u>	<u>77,082</u>
Total	<u>\$ 497,221</u>	<u>\$ 222,236</u>	<u>\$ 719,457</u>

Ohio Water Development Authority (OWDA) Loans: During 2016, the County entered into an agreement with OWDA to finance the construction of a sewer extension for State Route 95. The loan amount is \$929,013 with zero percent interest and a final maturity of January 1, 2037.

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

OWDA loans are direct borrowings that have terms negotiated directly between the County and the OWDA and are not offered for public sale. In the event of default, the OWDA may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the County to pay any fines, penalties, interest, or late charges associated with the default.

Year Ended December 31,	OWDA Loan - 7105		
	Principal	Interest	Total
2024	\$ 46,450	\$ -	\$ 46,450
2025	46,451	-	46,451
2026	46,451	-	46,451
2027	46,451	-	46,451
2028	46,451	-	46,451
2029 - 2033	232,255	-	232,255
2034 - 2036	139,352	-	139,352
Total	\$ 603,861	\$ -	\$ 603,861

USDA Revenue Bonds: During 2016, the County issued revenue bonds in the amount of \$900,000 in order to finance the purchase and upgrades to the Chesterville wastewater treatment plant. These bonds carry an interest rate of 1.875% and will mature in June of 2056. The County has pledged future revenues to repay the USDA loan. Annual principal and interest payments on the USDA bonds are expected to require 32.31 percent of net revenues and 9.25 percent of total operating revenues. Principal and interest payments will be made from the sewer fund. During 2023, the County made principal and interest payments of \$17,300 and \$14,829 respectively.

Year Ended December 31,	2016 USDA Revenue Bonds		
	Principal	Interest	Total
2024	\$ 17,500	\$ 14,504	\$ 32,004
2025	17,900	14,174	32,074
2026	18,300	13,837	32,137
2027	18,600	13,492	32,092
2028	18,900	13,142	32,042
2029 - 2033	100,200	60,218	160,418
2034 - 2038	109,800	50,439	160,239
2039 - 2043	120,800	39,682	160,482
2044 - 2048	132,500	27,873	160,373
2049 - 2053	145,400	14,917	160,317
2054 - 2056	78,000	2,207	80,207
Total	\$ 777,900	\$ 264,485	\$ 1,042,385

Net Pension Liability: See Note 15 for more information on net pension liability.

Net OPEB Liability: See Note 16 for more information on net OPEB liability.

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

SoMoCo Wastewater Treatment Plant: On June 25, 2018 the County entered into an agreement with the SoMoCo Board of Directors to purchase the SoMoCo wastewater treatment plant. This loan is a direct borrowing that has terms negotiated directly between the County and the lender and is not offered for public sale. The loan amount is \$2,210,000 with zero percent interest. The County will pay each of Morrow Meadows Development and Heartland Conference Retreat Center 25% of the connection fees paid by each prospective user of the sewer system. This shall continue until the \$2,210,000 amount has been repaid in full or until 25 years has elapsed, at which time the County shall have no further obligation to pay.

Leases Payable: The Hospital leases equipment and facilities under long-term agreements at market rates with terms expiring at various dates through 2025. The lease agreements qualify as leases under GASB Statement No. 87, and therefore have been recorded at the present value of the future minimum lease payments as of their date of inception. Future lease payments are as follows:

Year Ended <u>December 31,</u>	<u>Leases Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 327,162	\$ 11,249	\$ 338,411
2025	<u>7,424</u>	<u>95</u>	<u>7,519</u>
Total	<u>\$ 334,586</u>	<u>\$ 11,344</u>	<u>\$ 345,930</u>

Compensated Absences: Compensated absences will be paid from the Hospital enterprise fund.

NOTE 14 - RISK MANAGEMENT

A. Property and Liability Insurance

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2023, the County contracted with the County Risk Sharing Authority, Inc. (CORSA) for liability, property, automotive, and crime insurance. The CORSA program has a \$2,500 deductible. Coverage provided by CORSA is as follows:

	<u>Amount</u>
General Liability (per occurrence)	\$ 1,000,000
Law Enforcement Liability (per occurrence)	1,000,000
Automobile Liability and Physical Damage Liability (per occurrence)	1,000,000
Medical Payments	
Per Person	5,000
Per Occurrence	50,000
Uninsured/Underinsured Motorists (per person)	250,000
Cyber Security Liability	1,000,000
Physical Damage	Actual Cost
Flood and Earthquake (pool limit)	100,000,000
Other Property Insurance:	
Extra Expense	\$ 1,000,000
Contractors' Equipment	Actual Cash Value
Valuable Papers and Records	1,000,000
Inland Marine	Actual Cash Value
Automatic Acquisition	5,000,000

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 14 - RISK MANAGEMENT - (Continued)

Crime Insurance:	
Faithful Performance	1,000,000
Money and Securities (inside and outside)	1,000,000
Depositor's Forgery	1,000,000
Money Orders and Counterfeit Paper Currency	1,000,000
Attorney Disciplinary Proceedings (per occurrence)	25,000
Boiler and Machinery	100,000,000
Public Officials (per occurrence)	1,000,000
Umbrella (per occurrence)	4,000,000
Medical Professional Liability	5,000,000

There has been no significant reduction in insurance coverage from the prior year and settled claims have not exceeded this coverage in the past three years. The County pays all elected officials' bonds by statute.

The Hospital is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; medical malpractice; and employee health dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims for the Hospital have not exceeded this coverage in the past three years and there has been no significant reduction in coverage from the prior year for the Hospital. Also see Note 21.B. for information on the Hospital's medical malpractice insurance coverage.

B. Health, Prescription Drug, Dental and Vision Insurance

The County has entered into a participation agreement with the County Employee Benefit Consortium of Ohio, Inc (CEBCO) to obtain employee health insurance and benefits and administrative services relating to an employee health benefit plan. The County will contract with CEBCO to provide medical, prescription drug, dental, vision, and life insurance coverage. The County will pay 80% of the monthly premium and employees will pay 20%. The Hospital has obtained commercial insurance coverage for claims arising from employee health, dental, and accident benefits.

NOTE 15 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Asset and Net OPEB Liability/Asset

The net pension liability/asset and the net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

Pensions and OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions and OPEB are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability/asset and the net OPEB liability/asset represent 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/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost-of-living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

The 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/asset 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. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OPEB liability/asset on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in due to other governments on both the accrual and modified accrual basis of accounting.

The remainder of this note includes the pension disclosures. See Note 16 for the OPEB disclosures.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - County employees 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, which is closed to new members, is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. 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 in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group.

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans 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 Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C 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
Public Safety	Public Safety	Public Safety
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 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
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
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Traditional Plan Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

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

MORROW COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 traditional plan 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. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost-of-living adjustment is 3.00%. 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 3.00%.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20.00% each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

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MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	State and Local		Public Safety	Law Enforcement
	Traditional	Combined		
2023 Statutory Maximum Contribution Rates				
Employer	14.0 %	14.0 %	18.1 %	18.1 %
Employee *	10.0 %	10.0 %	**	***
2023 Actual Contribution Rates				
Employer:				
Pension ****	14.0 %	12.0 %	18.1 %	18.1 %
Post-employment Health Care Benefits *****	0.0	2.0	0.0	0.0
Total Employer	14.0 %	14.0 %	18.1 %	18.1 %
Employee	10.0 %	10.0 %	12.0 %	13.0 %

* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.

** 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.

***** These pension and employer health care rates are for the traditional and combined plans. The employer contributions rate for the member-directed plan is allocated 4 percent for health care with the remainder going to pension; however, effective July 1, 2022, a portion of the health care rate is funded with reserves.

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

The County's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$3,073,131 for 2023. Of this amount, \$194,512 is reported as due to other governments.

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The net pension liability and net pension asset for OPERS was measured as of December 31, 2022, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability or asset was based on the County's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	OPERS - Traditional	OPERS - Combined	Member- Directed	Total
Proportion of the net pension liability/asset prior measurement date	0.130970%	0.100897%	0.029993%	
Proportion of the net pension liability/asset current measurement date	<u>0.128532%</u>	<u>0.131462%</u>	<u>0.038463%</u>	
Change in proportionate share	<u>-0.002438%</u>	<u>0.030565%</u>	<u>0.008470%</u>	
Proportionate share of the net pension liability	\$ 36,627,855	\$ -	\$ -	\$ 36,627,855
Proportionate share of the net pension asset	-	(303,169)	(2,847)	(306,016)
Pension expense	5,224,118	38,870	(275)	5,262,713

At December 31, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Combined	Member- Directed	Total
Deferred outflows of resources				
Differences between expected and actual experience	\$ 1,216,625	\$ 18,637	\$ 8,176	\$ 1,243,438
Net difference between projected and actual earnings on pension plan investments	10,440,090	110,485	1,334	10,551,909
Changes of assumptions	386,947	20,072	180	407,199
Changes in employer's proportionate percentage/difference between employer contributions	10,595	34,951	-	45,546
Contributions subsequent to the measurement date	2,955,749	82,509	34,873	3,073,131
Total deferred outflows of resources	<u>\$ 15,010,006</u>	<u>\$ 266,654</u>	<u>\$ 44,563</u>	<u>\$ 15,321,223</u>

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	Total
Deferred inflows of resources				
Differences between expected and actual experience	\$ -	\$ 43,318	\$ -	\$ 43,318
Changes in employer's proportionate percentage/ difference between employer contributions	271,789	100,785	-	372,574
Total deferred inflows of resources	<u>\$ 271,789</u>	<u>\$ 144,103</u>	<u>\$ -</u>	<u>\$ 415,892</u>

\$3,073,131 reported as deferred outflows of resources related to pension resulting from County contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net pension liability/asset in the year ending December 31, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	Total
Year Ending December 31:				
2024	\$ 1,242,128	\$ (4,611)	\$ 1,356	\$ 1,238,873
2025	2,353,027	11,892	1,458	2,366,377
2026	3,073,028	19,521	1,479	3,094,028
2027	5,114,285	38,572	1,678	5,154,535
2028	-	(9,703)	960	(8,743)
Thereafter	-	(15,629)	2,759	(12,870)
Total	<u>\$ 11,782,468</u>	<u>\$ 40,042</u>	<u>\$ 9,690</u>	<u>\$ 11,832,200</u>

Actuarial Assumptions - OPERS

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

Projections of benefits for financial-reporting purposes are based on the substantive plan (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, 2022, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67.

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2022, compared to the December 31, 2021 actuarial valuation, are presented below.

Wage inflation	
Current measurement date	2.75%
Prior measurement date	2.75%
Future salary increases, including inflation	
Current measurement date	2.75% to 10.75% including wage inflation
Prior measurement date	2.75% to 10.75% including wage inflation
COLA or ad hoc COLA	
Current measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2023, then 2.05% simple
Prior measurement date	Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2022, then 2.05% simple
Investment rate of return	
Current measurement date	6.90%
Prior measurement date	6.90%
Actuarial cost method	Individual entry age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% 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% 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 of 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 of these tables.

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

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 12.1% for 2022.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board 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 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 real rates of return were provided by the Board's investment consultant.

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 15 - DEFINED BENEFIT PENSION PLANS - (Continued)

For each major asset class that is included in the Defined Benefit portfolio’s target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

<u>Asset Class</u>	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed income	22.00 %	2.62 %
Domestic equities	22.00	4.60
Real estate	13.00	3.27
Private equity	15.00	7.53
International equities	21.00	5.51
Risk Parity	2.00	4.37
Other investments	5.00	3.27
Total	<u>100.00 %</u>	

Discount Rate - The discount rate used to measure the total pension liability/asset was 6.90%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2022 was 6.90%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan 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/Asset to Changes in the Discount Rate - The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 6.90%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.90%) or one-percentage-point higher (7.90%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
County's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 54,867,304	\$ 36,627,855	\$ 21,455,906
Combined Plan	(158,215)	(303,169)	(418,047)
Member-Directed Plan	(1,820)	(2,847)	(3,641)

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 16 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 15 for a description of the net OPEB liability/asset.

Plan Description - Ohio Public Employees Retirement System (OPERS)

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. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care for the Traditional Pension, Combined and Member-Directed plans. Medicare-enrolled retirees in the Traditional Pension and Combined plans may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees, and are no longer participating in OPERS provided self-insured group plans.

With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to traditional pension plan and combined plan benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members enrolled in the Traditional Pension Plan or Combined Plan retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Medicare Retirees Medicare-eligible with a minimum of 20 years of qualifying service credit

Non-Medicare Retirees Non-Medicare retirees qualify based on the following age-and-service criteria:

Group A 30 years of qualifying service credit at any age;

Group B 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

Group C 32 years of qualifying service credit and minimum age 55; or,

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022 who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022.

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50.00% of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

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.

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.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. 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 2023, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and beginning July 1, 2022, there was a 2.00% allocation to health care for the 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 2023 was 4.00%; however, effective July 1, 2022, a portion of the health care rate was funded with reserves.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The County's contractually required contribution was \$17,888 for 2023. Of this amount, \$765 is reported as due to other governments.

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements elimination date was postponed indefinitely. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14.00% of covered payroll. For 2023, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. STRS's total OPEB asset was measured as of June 30, 2023, and the total OPEB asset used to calculate the net OPEB asset was determined by an actuarial valuation as of that date. The County's proportion of the net OPEB liability was based on the County's share of contributions to the retirement plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and OPEB expense:

	OPERS	STRS	Total
Proportion of the net OPEB liability/asset prior measurement date	0.126671%	0.000000%	
Proportion of the net OPEB liability current measurement date	0.125317%	0.000000%	
Change in proportionate share	-0.001354%	0.000000%	
Proportionate share of the net OPEB liability	\$ 762,560	\$ -	\$ 762,560
OPEB expense	(1,387,890)	(391)	(1,388,281)

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

At December 31, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	STRS	Total
Deferred outflows of resources			
Net difference between projected and actual earnings on OPEB plan investments	\$ 1,514,476	\$ -	\$ 1,514,476
Changes of assumptions	744,812	-	744,812
Changes in employer's proportionate percentage/difference between employer contributions	148	-	148
Contributions subsequent to the measurement date	17,888	-	17,888
Total deferred outflows of resources	<u>\$ 2,277,324</u>	<u>\$ -</u>	<u>\$ 2,277,324</u>

	OPERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ 190,213	\$ -	\$ 190,213
Changes of assumptions	61,287	-	61,287
Changes in employer's proportionate percentage/difference between employer contributions	52,611	388	52,999
Total deferred inflows of resources	<u>\$ 304,111</u>	<u>\$ 388</u>	<u>\$ 304,499</u>

\$17,888 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of/increase to the net OPEB liability in the year ending December 31, 2024.

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS	STRS	Total
Year Ending December 31:			
2024	\$ 200,884	\$ (388)	\$ 200,496
2025	550,560	-	550,560
2026	472,264	-	472,264
2027	731,617	-	731,617
Total	\$ 1,955,325	\$ (388)	\$ 1,954,937

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. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022.

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MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	
Current measurement date	2.75%
Prior Measurement date	2.75%
Projected Salary Increases, including inflation	
Current measurement date	2.75 to 10.75%
	including wage inflation
Prior Measurement date	2.75 to 10.75%
	including wage inflation
Single Discount Rate:	
Current measurement date	5.22%
Prior Measurement date	6.00%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	4.05%
Prior Measurement date	1.84%
Health Care Cost Trend Rate	
Current measurement date	5.50% initial, 3.50% ultimate in 2036
Prior Measurement date	5.50% initial, 3.50% ultimate in 2034
Actuarial Cost Method	Individual Entry Age Normal

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% 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% 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 of 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 of these tables.

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

During 2022, 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, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and 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 a loss of 15.6% for 2022.

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

The allocation of investment assets within the Health Care portfolio is approved by the Board 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. The System’s primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected 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 real 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, 2022, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00 %	2.56 %
Domestic equities	26.00	4.60
Real Estate Investment Trusts (REITs)	7.00	4.70
International equities	25.00	5.51
Risk parity	2.00	4.37
Other investments	6.00	1.84
Total	<u>100.00 %</u>	

Discount Rate - A single discount rate of 5.22% was used to measure the total OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6.00%. 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) a 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 the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 4.05%. 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 the year 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the County’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - The following table presents the proportionate share of the net OPEB liability calculated using the single discount rate of 5.22%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (4.22%) or one-percentage-point higher (6.22%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
County's proportionate share of the net OPEB liability/(asset)	\$ 2,595,416	\$ 762,560	\$ (749,841)

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the County's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.50%. 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 care 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% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
County's proportionate share of the net OPEB liability	\$ 714,767	\$ 762,560	\$ 816,359

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023, actuarial valuation, compared with June 30, 2022, are presented below:

	June 30, 2023	June 30, 2022		
Inflation	2.50%	2.50%		
Projected salary increases	Varies by service from 2.50% to 8.50%	8.50% at age 20 to 2.50% at age 65		
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation		
Payroll increases	3.00%	3.00%		
Cost-of-living adjustments (COLA)	0.00%	0.00%		
Discount rate of return	7.00%	7.00%		
Blended discount rate of return	N/A	N/A		
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	7.50%	4.14%	7.50%	3.94%
Medicare	-10.94%	4.14%	-68.78%	3.94%
Prescription Drug				
Pre-Medicare	-11.95%	4.14%	9.00%	3.94%
Medicare	1.33%	4.14%	-5.47%	3.94%

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 16 - DEFINED BENEFIT OPEB PLANS - (Continued)

For the actuarial valuation as of June 30, 2023, healthy mortality rates are based on Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For the actuarial valuation as of June 30, 2023, healthy mortality rates are based on Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

The actuarial assumptions used in the June 30, 2023, valuation were adopted by the board from the results of an actuarial experience study for July 1, 2015, through June 30, 2021. The actuarial assumptions used in the June 30, 2022, valuation were adopted by the board from the results of an actuarial experience study for July 1, 2011, through June 30, 2016. An actuarial experience study is done on a quinquennial basis.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return **
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	<u>100.00 %</u>	

* Final target weights reflected at October 1, 2022.

**10-year annualized geometric nominal returns include the real rate of return and inflation of 2.25% and is net of investment expenses. Over a 30-year period, STRS Ohio's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed STRS Ohio continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2023.

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund, motor vehicle and gas tax fund, public assistance fund and county board of developmental disabilities fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (f) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for all governmental funds for which a budgetary basis statement is presented:

	Net Change in Fund Balance			
	<u>General fund</u>	<u>Motor Vehicle and Gas Tax</u>	<u>Public Assistance</u>	<u>County Board of Developmental Disabilities</u>
Budget basis	\$ (466,348)	\$ (518,467)	\$ (321,153)	\$ 583,190
Net adjustment for revenue accruals	131,274	1,122,022	(28,087)	(47,945)
Net adjustment for expenditure accruals	3,161	(150,808)	62,571	(225,846)
Net adjustment for other sources/uses	120,264	-	-	-
Funds budgeted elsewhere	178,943	-	-	-
Adjustment for encumbrances	<u>267,140</u>	<u>125,198</u>	<u>331,475</u>	<u>43,807</u>
GAAP basis	<u>\$ 234,434</u>	<u>\$ 577,945</u>	<u>\$ 44,806</u>	<u>\$ 353,206</u>

MORROW COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 17 - BUDGETARY BASIS OF ACCOUNTING – (Continued)

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the following funds: recorder's fees, certificate of title administration, unclaimed county trust, sheriff's rotary, prepayments interest account, Medicaid local sales tax transition, County unclaimed monies, Federal unclaimed monies, public defender reimbursement & fees, self-insurance, casino/capital improvement, bid trust, insurance clearing account, treasurer daily receipts unclaimed, County burden Medicare, workers' compensation, Zimbra-email service, STRS County burden clearing account, employee withholding supplement, payroll deductions, and County burden PERS.

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MORROW COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 18 - FUND BALANCE

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 resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund balance	General	Motor Vehicle and Gas Tax	Public Assistance	County Board of Developmental Disabilities	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:						
Materials and supplies inventory	\$ 30,024	\$ 363,417	\$ 9,183	\$ 4,002	\$ 14,688	\$ 421,314
Prepays	275,481	13,012	7,348	23,520	104,837	424,198
Unclaimed monies	<u>197,466</u>	-	-	-	-	<u>197,466</u>
Total nonspendable	<u>502,971</u>	<u>376,429</u>	<u>16,531</u>	<u>27,522</u>	<u>119,525</u>	<u>1,042,978</u>
Restricted:						
General government	-	-	-	-	1,229,197	1,229,197
Public safety	-	-	-	-	2,237,078	2,237,078
Public works	-	3,545,185	-	-	2,161,709	5,706,894
Human services	-	-	1,706,673	-	1,852,153	3,558,826
Health	-	-	-	4,508,422	49,930	4,558,352
Economic Development	-	-	-	-	613,156	613,156
Capital projects	-	-	-	-	2,269,221	2,269,221
Other purposes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,616,773</u>	<u>1,616,773</u>
Total restricted	<u>-</u>	<u>3,545,185</u>	<u>1,706,673</u>	<u>4,508,422</u>	<u>12,029,217</u>	<u>21,789,497</u>
Committed:						
Public safety	-	-	-	-	214,497	214,497
General governemnt	-	-	-	-	1,433,571	1,433,571
Capital projects	-	-	-	-	355,671	355,671
Insurance premiums	309,684	-	-	-	-	309,684
Other purposes	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>358,308</u>	<u>358,308</u>
Total committed	<u>309,684</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,362,047</u>	<u>2,671,731</u>
Assigned:						
General government	61,369	-	-	-	-	61,369
Public safety	36,153	-	-	-	-	36,153
Economic Development	57,500	-	-	-	-	57,500
Health	27,730	-	-	-	-	27,730
Prepayments interest account	6,625	-	-	-	-	6,625
Motor vehicle bond retirement	-	-	-	-	148,103	148,103
Subsequent year appropriations	2,976,587	-	-	-	-	2,976,587
Other purposes	<u>6,194</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,194</u>
Total assigned	<u>3,172,158</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>148,103</u>	<u>3,320,261</u>
Unassigned	<u>3,154,083</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,154,083</u>
Total fund balances	<u>\$ 7,138,896</u>	<u>\$ 3,921,614</u>	<u>\$ 1,723,204</u>	<u>\$ 4,535,944</u>	<u>\$ 14,658,892</u>	<u>\$ 31,978,550</u>

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 19 - OTHER COMMITMENTS

The County utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the County’s commitments for encumbrances in the governmental funds, net of any amounts reported as liabilities, were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General	\$ 190,952
Motor vehicle and gas tax	101,947
Public assistance	178,390
County Board of Developmental Disabilities	28,474
Other governmental	<u>1,257,052</u>
Total	<u>\$ 1,756,815</u>

NOTE 20 - CONTINGENCIES

A. Grants

The County receives significant assistance from numerous federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements included herein or on the overall position of the County at December 31, 2023.

B. Medical Malpractice Claims

Based upon the nature of its operations, the Hospital is at times subject to pending or threatening legal actions, which arise in the normal course of its activities.

The Hospital is insured against medical malpractice claims under a claims-based policy, whereby only the claims reported to the insurance carrier during the policy period are covered regardless of when the incident giving rise to the claim occurred. Under the terms of the policy, the Hospital bears the risk of the ultimate costs of any individual claims exceeding \$1,000,000, or aggregate claims exceeding \$3,000,000, for claims asserted in the policy year. In addition, the Hospital has an umbrella policy with an additional \$5,000,000 of coverage. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on the occurrences during the claims-made term, but reported subsequently, will be uninsured.

The Hospital is not aware of any medical malpractice claims, either asserted or unasserted, that would exceed the policy limits. No claims have been settled during the past three years that have exceeded policy coverage limits. There has not been a significant reduction in coverage from the prior year. The cost of this insurance policy represents the Hospital’s cost for such claims for the past three years, and it has been charged to operations as a current expense.

C. Litigation

Several claims and lawsuits are pending against the County. In the opinion of the County Prosecutor, no liability is anticipated in excess of insurance coverage.

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 20 - CONTINGENCIES - (Continued)

D. Other Contingencies

The Hospital identified a potential liability associated with the OPERS plan as of December 31, 2021. The amount of the potential liability can not be determined as of the date of this report.

NOTE 21 - FEDERAL TRANSACTIONS

The Morrow County Department of Human Services (Welfare Department) distributes Federal food stamps to entitled recipients within the County. The receipt and issuance of these stamps have the characteristics of federal grants. However, the Welfare department merely acts in an intermediary capacity. Therefore, the inventory value of the stamps is not reflected in the accompanying financial statements as the only economic interest related to the stamps rest with the ultimate recipient.

NOTE 22 – AFFILIATION

The Hospital contracts with OhioHealth for management, information technology, revenue cycle management and support, and other support services. OhioHealth employs the Hospital's chief executive officer and director of finance. Expenses for services included in the statement of revenue, expenses, and changes in net position (deficit) at December 31, 2023 consisted of these amounts:

Employee salaries, benefits, and payroll taxes	\$ 694,092
Purchased services	348,276
Affiliation fees	125,000
Other support services and resources	<u>971,001</u>
Total	<u>\$ 2,138,369</u>

Amounts due to OhioHealth for services amounted to approximately \$309,000 at December 31, 2023 and has been included in accounts payable on the accompanying financial statements.

On June 10, 2019, the Hospital disposed of Morrow County Hospital Health Services operations to OhioHealth, an affiliated entity. The disposal was transacted through an asset purchase agreement, which resulted in the buyer acquiring capital assets, patient charts and medical records, and right to hire employees of Morrow County Hospital Health Services. In consideration of the sale of the purchased assets, the buyer paid the sum of \$248,065. The removed assets had a net book value of \$175,679, which resulted in a gain on disposal of operations in the amount of \$72,386.

The asset purchase agreement also included a covenant that OhioHealth would build a new ambulatory facility if the Hospital would cease operations of its inpatient facility and no longer use the existing hospital building within the next ten years from June 10, 2019.

NOTE 23 - NET PATIENT SERVICE REVENUE

The Hospital has agreements with third-party payors that provide for reimbursement to the Hospital at amounts different from its established rates. The Hospital is designated as a Critical Access Hospital under the Medicare and Medicaid programs. Contractual adjustments under these reimbursement programs represent the difference between the Hospital's established rates for services and amounts reimbursed by third-party payors. A summary of the basis of reimbursement with these third-party payors follows:

Medicare: Inpatient services and most outpatient services rendered to Medicare program beneficiaries are paid based on a cast reimbursement methodology. Other outpatient services are based on fee schedules.

MORROW COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 23 - NET PATIENT SERVICE REVENUE - (Continued)

The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization.

Medicaid: Inpatient services rendered to Medicaid program beneficiaries are reimbursed based on prospectively determined rates per discharge. Medicaid outpatient services are reimbursed based upon the lesser of the Hospital's charge or predetermined fee schedule amounts. Capital related expenditures are subject to annual cost report settlement.

Other payors: The Hospital has entered into agreements with certain commercial carriers. Reimbursements for charges for services under these agreements includes discounts from established charges and other payment methodologies.

Gross patient service revenue and the allowances to reconcile to net patient service revenue for the year ended December 31, 2023 is as follows:

Gross patient service revenue	\$	56,023,218
Less third-party allowances and other discounts		(28,406,616)
Less bad debts		<u>(2,488,763)</u>
Net patient service revenue	\$	<u>25,127,839</u>

The Hospital recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided. Thus the Hospital records a significant provision for bad debts related to uninsured patients in the period the services are provided. Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized during the year ended December 31, 2023 from these major payor sources, is as follows:

	Third-Party Payors	Self-Pay	Total All Payors
Patient service revenue (net of contractual allowances and discounts)	<u>\$ 25,277,385</u>	<u>\$ 2,339,217</u>	<u>\$ 27,616,602</u>

Upper payment limit: In September 2001, the State of Ohio Supplemental Upper Payment Limit program for Public Hospitals (UPL) was approved by the Centers for Medicare and Medicaid Services (CMS). This program provides access to available federal funding up to 100% of the Medicare upper payment limits for services rendered by Ohio Public Hospitals to Ohio Medicaid consumers.

The Hospital has recorded assets and liabilities for cost report settlement amounts with Medicare and Medicaid. The net patient service revenue for the year ended December 31, 2023 was increased by approximately \$1,169,000 as a result of settlements at amounts different than originally estimated.

MORROW COUNTY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023**

NOTE 24 - TAX ABATEMENTS

As of December 31, 2023, the County provides tax abatements Enterprise Zone (the “Ezone”). These programs relate to the abatement of property taxes.

Ezone - Under the authority of ORC Sections 5709.62 and 5709.63, the Ezone program is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in Ohio. An Ezone is a designated area of land in which businesses can receive tax incentives in the form of tax exemptions on qualifying new investment. An Ezone's geographic area is identified by the local government involved in the creation of the zone. Once the zone is defined, the local legislative authority participating in the creation must petition the OSDA. The OSDA must then certify the area for it to become an active Enterprise Zone. The local legislative authority negotiates the terms of the Enterprise Zone Agreement (the “Agreement”) with the business, which may include tax sharing with the Board of Education. Legislation must then be passed to approve the Agreement. All Agreements must be finalized before the project begins and may contain provisions for the recoupment of taxes should the individual or entity fail to perform. The County Auditor will apply the abatement to the real property value and submit this adjustment in value on the tax duplicate to DTE. The amount of the abatement is deducted from the business’s property tax bill.

The County has entered into agreements to abate property taxes through these programs. During 2023, the County’s property tax revenues were reduced as a result of these agreements as follows:

<u>Tax Abatement Program</u>	<u>County Taxes Abated</u>
Ezone	<u>\$ 279,542</u>

REQUIRED SUPPLEMENTARY INFORMATION

MORROW COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY/NET PENSION ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Traditional Plan:</i>				
County's proportion of the net pension liability	0.128532%	0.130970%	0.131852%	0.135055%
County's proportionate share of the net pension liability	\$ 36,627,855	\$ 11,015,473	\$ 18,829,024	\$ 25,937,993
County's covered payroll	\$ 19,815,779	\$ 18,843,157	\$ 18,131,000	\$ 19,066,507
County's proportionate share of the net pension liability as a percentage of its covered payroll	184.84%	58.46%	103.85%	136.04%
Plan fiduciary net position as a percentage of the total pension liability	75.74%	92.62%	86.88%	82.17%
<i>Combined Plan:</i>				
County's proportion of the net pension asset	0.131462%	0.100897%	0.100977%	0.097160%
County's proportionate share of the net pension asset	\$ 303,169	\$ 389,362	\$ 283,124	\$ 197,572
County's covered payroll	\$ 600,050	\$ 449,900	\$ 416,257	\$ 418,621
County's proportionate share of the net pension asset as a percentage of its covered payroll	50.52%	86.54%	68.02%	47.20%
Plan fiduciary net position as a percentage of the total pension asset	137.14%	169.88%	157.67%	145.28%
<i>Member Directed Plan:</i>				
County's proportion of the net pension asset	0.038463%	0.029993%	0.038595%	0.041035%
County's proportionate share of the net pension asset	\$ 2,847	\$ 5,175	\$ 6,662	\$ 1,483
County's covered payroll	\$ 281,270	\$ 227,650	\$ 255,100	\$ 261,670
County's proportionate share of the net pension asset as a percentage of its covered payroll	1.01%	2.27%	2.61%	0.57%
Plan fiduciary net position as a percentage of the total pension asset	126.74%	171.84%	188.21%	118.84%

Amounts presented for each fiscal year were determined as of the County's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2019	2018	2017	2016	2015	2014
	0.146905%	0.152094%	0.157563%	0.225090%	0.238995%	0.163738%
\$	38,892,352	\$ 22,941,747	\$ 34,475,368	\$ 26,458,710	\$ 19,677,796	\$ 10,361,522
\$	19,864,793	\$ 20,113,169	\$ 20,277,933	\$ 17,706,742	\$ 17,895,875	\$ 18,309,523
	195.79%	114.06%	170.01%	149.43%	109.96%	56.59%
	74.70%	84.66%	77.25%	81.08%	86.45%	86.36%
	0.130543%	0.136358%	0.125882%	0.218040%	0.123264%	0.053039%
\$	142,212	\$ 179,926	\$ 63,831	\$ (29,061)	\$ (6,752)	\$ 5,528
\$	540,864	\$ 541,554	\$ 456,183	\$ 511,125	\$ (62,825)	\$ 149,477
	26.29%	33.22%	13.99%	-5.69%	10.75%	3.70%
	126.64%	137.28%	116.55%	116.90%	114.83%	104.56%
	0.058837%	0.058023%	0.059749%	0.050171%	n/a	n/a
\$	1,264	\$ 1,885	\$ 232	\$ 192	n/a	n/a
\$	343,890	\$ 324,840	\$ -	\$ 199,575	n/a	n/a
	0.37%	0.58%	0.00%	0.10%	n/a	n/a
	113.42%	124.46%	103.40%	103.91%	n/a	n/a

MORROW COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN YEARS

	2023	2022	2021	2020
County's proportion of the net pension liability	0.00000000%	0.00000000%	0.00000000%	0.00000000%
County's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -
County's covered-employee payroll	\$ -	\$ -	\$ -	\$ -
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	n/a	n/a	n/a	n/a
Plan fiduciary net position as a percentage of the total pension liability	80.02%	78.88%	87.78%	75.48%

Amounts presented for each fiscal year were determined as of the County's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.00000000%	0.00052297%	0.00058874%	0.00057612%	0.00056454%	0.00130236%
\$ -	\$ 114,989	\$ 139,856	\$ 192,845	\$ 156,022	\$ 140,176
\$ 27,314	\$ 63,479	\$ 61,779	\$ 62,250	\$ 56,979	\$ 54,546
0.00%	181.14%	226.38%	309.79%	273.82%	256.99%
77.40%	77.30%	75.30%	66.80%	72.10%	74.70%

MORROW COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COUNTY PENSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 2,955,749	\$ 2,774,209	\$ 2,638,042	\$ 2,538,340
Contributions in relation to the contractually required contribution	<u>(2,955,749)</u>	<u>(2,774,209)</u>	<u>(2,638,042)</u>	<u>(2,538,340)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 21,112,493	\$ 19,815,779	\$ 18,843,157	\$ 18,131,000
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 82,509	\$ 84,007	\$ 62,986	\$ 58,276
Contributions in relation to the contractually required contribution	<u>(82,509)</u>	<u>(84,007)</u>	<u>(62,986)</u>	<u>(58,276)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 687,575	\$ 600,050	\$ 449,900	\$ 416,257
Contributions as a percentage of covered payroll	12.00%	14.00%	14.00%	14.00%
Contractually required contribution	\$ 34,873	\$ 28,127	\$ 22,765	\$ 25,510
Contributions in relation to the contractually required contribution	<u>(34,873)</u>	<u>(28,127)</u>	<u>(22,765)</u>	<u>(25,510)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 348,730	\$ 281,270	\$ 227,650	\$ 255,100
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	10.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 2,669,311	\$ 2,781,071	\$ 2,614,712	\$ 2,433,352	\$ 2,124,809	\$ 1,040,322
<u>(2,669,311)</u>	<u>(2,781,071)</u>	<u>(2,614,712)</u>	<u>(2,433,352)</u>	<u>(2,124,809)</u>	<u>(1,040,322)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 19,066,507	\$ 19,864,793	\$ 20,113,169	\$ 20,277,933	\$ 17,706,742	\$ 8,669,350
14.00%	14.00%	13.00%	12.00%	12.00%	12.00%
\$ 58,607	\$ 75,721	\$ 70,402	\$ 54,742	\$ 61,335	\$ 23,265
<u>(58,607)</u>	<u>(75,721)</u>	<u>(70,402)</u>	<u>(54,742)</u>	<u>(61,335)</u>	<u>(23,265)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 418,621	\$ 540,864	\$ 541,554	\$ 456,183	\$ 511,125	\$ 193,875
14.00%	14.00%	13.00%	12.00%	12.00%	12.00%
\$ 26,167	\$ 34,389	\$ 32,484	\$ -	\$ 23,949	
<u>(26,167)</u>	<u>(34,389)</u>	<u>(32,484)</u>	<u>-</u>	<u>(23,949)</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ 261,670	\$ 343,890	\$ 324,840	\$ -	\$ 199,575	
10.00%	10.00%	10.00%	12.00%	12.00%	

MORROW COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COUNTY PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	n/a	n/a	n/a	n/a

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ -	\$ 3,824	\$ 8,887	\$ 8,649	\$ 8,715	\$ 7,977
-	(3,824)	(8,887)	(8,649)	(8,715)	(7,977)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 27,314	\$ 63,479	\$ 61,779	\$ 62,250	\$ 61,362
n/a	14.00%	14.00%	14.00%	14.00%	13.00%

MORROW COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/NET OPEB ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST SEVEN YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
County's proportion of the net OPEB liability/asset	0.125317%	0.126671%	0.131838%	0.135257%
County's proportionate share of the net OPEB liability/(asset)	\$ 762,560	\$ (3,836,651)	\$ (2,264,341)	\$ 18,145,196
County's covered payroll	\$ 20,697,099	\$ 19,520,707	\$ 18,802,357	\$ 19,746,798
County's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	-3.68%	19.65%	12.04%	91.89%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	94.79%	128.23%	115.57%	47.80%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the County's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>
0.148937%	0.149250%	0.147931%
\$ 18,756,805	\$ 16,096,395	\$ 14,941,554
\$ 20,749,547	\$ 20,979,563	\$ 20,734,116
90.40%	76.72%	72.06%
46.33%	54.14%	54.05%

MORROW COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/ASSET
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST SEVEN YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
County's proportion of the net OPEB liability	0.00000000%	0.00000000%	0.00000000%	0.00000000%
County's proportionate share of the net OPEB liability (asset)	\$ -	\$ -	\$ -	\$ -
County's covered-employee payroll	\$ -	\$ -	\$ -	\$ -
County's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	n/a	n/a	n/a	n/a
Plan fiduciary net position as a percentage of the total OPEB liability	168.52%	230.73%	174.73%	182.13%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the County's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>
0.00000000%	0.00052297%	0.00058874%
\$ -	\$ (8,000)	\$ 22,970
\$ 27,314	\$ 63,479	\$ 61,779
0.00%	12.60%	37.18%
174.70%	176.00%	47.10%

MORROW COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COUNTY OPEB CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 17,888	\$ 15,460	\$ 13,142	\$ 14,458
Contributions in relation to the contractually required contribution	<u>(17,888)</u>	<u>(15,460)</u>	<u>(13,142)</u>	<u>(14,458)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ 22,148,798	\$ 20,697,099	\$ 19,520,707	\$ 18,802,357
Contributions as a percentage of covered payroll	0.08%	0.07%	0.07%	0.08%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 10,467	\$ 20,345	\$ 324,852	\$ 285,335	\$ 177,759	\$ 418,385
<u>(10,467)</u>	<u>(20,345)</u>	<u>(324,852)</u>	<u>(285,335)</u>	<u>(177,759)</u>	<u>(418,385)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 19,746,798	\$ 20,749,547	\$ 20,979,563	\$ 20,734,116	\$ 18,417,442	\$ 8,863,225
0.05%	0.10%	1.55%	1.38%	0.97%	4.72%

MORROW COUNTY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COUNTY OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN YEARS			
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
County's covered payroll	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	n/a	n/a	n/a	n/a

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 614
-	-	-	-	-	(614)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ 27,314	\$ 63,479	\$ 61,779	\$ 62,250	\$ 61,362
n/a	0.00%	0.00%	0.00%	1.00%	1.00%

MORROW COUNTY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2014.
- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.

Changes in assumptions :

- There were no changes in assumptions for 2014.
- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%.
- There were no changes in assumptions for 2018.
- For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) wage inflation was changed from 3.25% to 2.75%, (b) future salary increases, including inflation were changed from 3.25%-10.75% to 2.75%-10.75%, (c) COLA for post 1/7/2013 retirees were changed from 0.50%, simple through 2021, then 2.15% simple to 3.00%, simple through 2022, then 2.05% simple and (d) the actuarially assumed rate of return was changed from 7.20% to 6.90%.
- There were no changes in assumptions for 2023.

(Continued)

MORROW COUNTY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

PENSION

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2014-2016.
- For 2017, STRS decreased the Cost of Living Adjustment (COLA) to zero effective July 1, 2017.
- There were no changes in assumptions for 2018.
- There were no changes in assumptions for 2019.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.
- There were no changes in assumptions for 2022.
- There were no changes in assumptions for 2023.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016.
- For 2017, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in assumptions for 2018.
- There were no changes in assumptions for 2019.
- There were no changes in assumptions for 2020.
- For 2021, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.
- For 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) projected salary increases changed from 12.50% at age 20 to 2.50% at age 65 to 8.50% at age 20 to 2.50% at age 65 and (b) post-retirement mortality rates were changed from RP-2014 Annuitant Mortality Tables to Pub-2010 Teacher Health Annuitant Mortality Tables.
- There were no changes in assumptions for 2023.

(Continued)

MORROW COUNTY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2023

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- For 2021, the following were the most significant changes in benefit terms since the prior measurement date: the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.
- There were no changes in benefit terms from the amounts reported for 2022.
- There were no changes in benefit terms from the amounts reported for 2023.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.50%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.16% up to 6.00%, (b) the municipal bond rate was decreased from 2.75% up to 2.00% and (c) the health care cost trend rate was decreased from 10.50%, initial/3.50%, ultimate in 2030 down to 8.50%, initial/3.50% ultimate in 2035.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) wage inflation changed from 3.25% to 2.75%, (b) projected salary increases, including inflation changed from 3.25%-10.75% to 2.75%-10.75%, (c) the municipal bond rate was changed from 2.00% to 1.84% and (d) the health care cost trend rate was changed from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034.
- For 2023, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the single discount rate changed from 6.00% to 5.22%, (b) the municipal bond rate was changed from 1.84% to 4.05% and (c) the health care cost trend rate was changed from 5.50% initial, 3.50% ultimate in 2034 to 5.50% initial, 3.50% ultimate in 2036.

(Continued)

MORROW COUNTY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2023

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms :

- For 2017, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.
- For 2018, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For 2019, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.
- For 2020, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.
- For 2021, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.
- For 2022, the non-Medicare subsidy percentage was increased from 2.100% to 2.200%.
- For 2023, there were no change in assumptions.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- For 2017, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.
- For 2018, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.
- For 2019, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.
- For 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For 2021, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.
- For 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) projected salary increases changed from 12.50% at age 20 to 2.50% at age 65 to 8.50% at age 20 to 2.50% at age 65, (b) post-retirement mortality rates were changed from RP-2014 Annuitant Mortality Tables to Pub-2010 Teacher Health Annuitant Mortality Tables and (c) health care cost trend rates were changed to the following: medical pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate, Medicare -16.18% initial - 4.00% ultimate to -68.78% initial - 3.94% ultimate; prescription drug pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate, Medicare 29.98% initial - 4.00% ultimate to -5.47% initial - 3.94% ultimate.
- For 2023, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) health care cost trend rates were changed to the following: medical pre-Medicare from 7.50% initial - 3.94% ultimate to 7.50% initial - 4.14% ultimate, Medicare -68.78% initial - 3.94% ultimate to -10.94% initial - 4.14% ultimate; prescription drug pre-Medicare from 9.00% initial - 3.94% ultimate to -11.95% initial - 4.14% ultimate, Medicare -5.47% initial - 3.94% ultimate to 1.33% initial - 4.14% ultimate.

MORROW COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTER/PROGRAM OR CLUSTER TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PASSED THROUGH TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE				
PASSED THROUGH OHIO DEPARTMENT OF JOB AND FAMILY SERVICES				
<i>SNAP Cluster:</i>				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	G-2021-11-5971, G-2223-11-6969	\$ -	\$ 240,805
<i>Total SNAP Cluster</i>			-	240,805
Total U.S. Department of Agriculture			-	240,805
U.S. DEPARTMENT OF JUSTICE				
PASSED THROUGH OHIO ATTORNEY GENERAL'S OFFICE				
Crime Victim Assistance	16.575	2023-VOCA-135105118	-	31,198
Total Crime Victim Assistance			-	31,198
Total U.S. Department of Justice			-	31,198
U.S. DEPARTMENT OF LABOR				
PASSED THROUGH THE OHIO DEPARTMENT OF JOB AND FAMILY SERVICES				
Employment Service/Wagner-Peyser Funded Activities	17.225	2020/21-7259-11	-	22,288
<i>WIOA Cluster:</i>				
WIA Adult Program	17.258	2020/21-7259-11	-	82,797
WIA Youth Activities	17.259	2020/21-7259-11	7,026	66,254
WIA Dislocated Worker Formula Grants	17.278	2020/21-7259-11	-	33,170
<i>Total WIOA Cluster</i>			7,026	182,221
Total U.S. Department of Labor			7,026	204,509
U.S. DEPARTMENT OF TRANSPORTATION				
<i>Direct Program</i>				
Airport Improvement Program	20.106	N/A	-	92,562
<i>Total Airport Improvement Program</i>			-	92,562
PASSED THROUGH THE OHIO DEPARTMENT OF TRANSPORTATION				
Highway Planning and Construction Program	20.205	PID 106653	-	146,731
Highway Planning and Construction Program	20.205	MRW-CR23-1.12	-	313,658
<i>Total Highway Planning and Construction Program</i>			-	460,389
<i>Formula Grants for Rural Area:</i>				
Formula Grants for Rural Areas	20.509	OH-2020-005/OH-2023-x01	-	751,273
<i>Total Formula Grants for Rural Area</i>			-	751,273
<i>Federal Transit Cluster:</i>				
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Program	20.526	024176146	165,825	165,825
<i>Total Federal Transit Cluster</i>			165,825	165,825
Total U.S. Department of Transportation			165,825	1,470,049

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MORROW COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTER/PROGRAM OR CLUSTER TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PASSED THROUGH TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
U.S. DEPARTMENT OF TREASURY				
<i>Direct Program</i>				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)	21.027	N/A	-	1,082,350
<i>Total CSLFRF</i>			-	1,082,350
Total U.S. Department of Treasury			-	1,082,350
U.S. DEPARTMENT OF EDUCATION				
PASSED THROUGH THE OHIO DEPARTMENT OF DEVELOPMENTAL DISABILITIES				
Special Education Grants for Infants and Families	84.181	H181A100024/210024	-	38,443
Total U.S. Department of Education			-	38,443
U.S. ELECTION ASSISTANCE COMMISSION				
PASSED THROUGH OHIO SECRETARY OF STATE'S OFFICE				
HAVA Election Security Grants	90.404	N/A	-	4,985
Total U.S. Election Assistance Commission			-	4,985
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
PASSED THROUGH OHIO DEPARTMENT OF JOB AND FAMILY SERVICES				
Promoting Safe and Stable Families:	93.556	G-2223-11-6969, G-2425-11-6178	-	27,749
Temporary Assistance for Needy Families (TANF)	93.558	G-2223-11-6969, G-2425-11-6178	251,163	910,489
Child Support Enforcement Agency	93.563	G-2223-11-6969, G-2425-11-6178	-	502,943
<i>CCDF Cluster:</i>				
Child Care and Development Block Grant	93.575	G-2223-11-6969, G-2425-11-6178	-	37,801
<i>Total CCDF Cluster</i>			251,163	37,801
Stephanie Tubbs Jone Child Welfare Services Program	93.645	G-2223-11-6969, G-2425-11-6178	-	36,544
Foster Care - Title IV-E	93.658	G-2223-11-6969, G-2425-11-6178	-	342,479
Adoption Assistance	93.659	G-2223-11-6969, G-2425-11-6178	-	46,845
PASSED THROUGH OHIO DEPARTMENT OF DEVELOPMENTAL DISABILITIES				
Social Services Block Grant	93.667	2101OHSOSR	-	21,761
PASSED THROUGH OHIO DEPARTMENT OF JOB AND FAMILY SERVICES				
Social Services Block Grant	93.667	G-2223-11-6969, G-2425-11-6178	-	883,597
Total Social Services Block Grant			-	905,358
Chafee Foster Care Independence Program	93.674	G-2223-11-6969, G-2425-11-6178	-	6,793
Elder Abuse Prevention Interventions Program	93.747	G-2223-11-6969, G-2425-11-6178	-	24,760
Children's Health Insurance Program	93.767	G-2223-11-6969, G-2425-11-6178	-	17,978
<i>Medicaid Cluster:</i>				
Medical Assistance Program	93.778	G-2223-11-6969, 22050H5ADM	-	903,610
<i>Total Medicaid Cluster</i>			-	903,610
Total U.S. Department of Health and Human Services			251,163	3,763,349
U.S. DEPARTMENT OF HOMELAND SECURITY				
PASSED THROUGH OHIO EMERGENCY MANAGEMENT AGENCY				
COVID - 19 Emergency Management Performance Grant	97.042	EMC-2021-EP-00007, EMC-2022-EP-00006	-	64,361
Pre-Disaster Mitigation Grant	97.039	FEMA-DR-4507-OH	-	8,910
Total U.S. Department of Homeland Security			-	73,271
Total Federal Expenditures			\$ 424,014	\$ 6,908,959

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Morrow County (the County) under programs of the federal government for the year ended December 31, 2023. 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, changes in net position, or cash flows of the County.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D – SUBRECIPIENTS

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

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

NOTE E - COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) 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, 2023 is \$115,483.

NOTE F – MATCHING REQUIREMENTS

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

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of County Commissioners
Morrow County, Ohio:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Morrow County, Ohio (the "County") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 30, 2024. Our report includes a reference to other auditors who audited the financial statements of Morrow County Hospital as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors.

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 deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Clark, Schaefer, Hackett & Co.

Columbus, Ohio
July 30, 2024

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM
GUIDANCE**

To the Board of County Commissioners
Morrow County, Ohio:

Report on Compliance for each Major Federal Program

Opinion on Each Major Federal Program

We have audited Morrow County, Ohio's (the "County") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2023. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

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 Standard*), 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

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 opinion 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.

Responsibilities of Management for Compliance

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.

Auditors' 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.

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

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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

Clark, Schaefer, Hackett & Co.

Columbus, Ohio
July 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued :	unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	no
• Significant deficiency(ies) identified not considered to be material weaknesses?	none reported
Noncompliance material to financial statements noted?	none

Federal Awards

Internal Control over major program:	
• Material weakness(es) identified?	none
• Significant deficiency(ies) identified not considered to be material weaknesses?	none reported

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a)? no

Identification of major programs:

- ALN 93.778 – Medicaid Cluster*
- ALN 93.667– Social Services Block Grant*
- ALN 21.027 – COVID 19 - Coronavirus State and Local Fiscal Recovery Funds (SLFRF)*

Dollar threshold to distinguish between Type A and Type B Programs: \$750,000

Auditee qualified as low-risk auditee? no

Morrow County, Ohio
Schedule of Findings and Questioned Costs
Year Ended December 31, 2023
(continued)

Section II - Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

Conni McChesney
Morrow County Auditor
48 East High Street Rm 7
Mount Gilead, Ohio 43338
419-946-4060

SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR § 200.511(c)
December 31, 2023

Finding Number	Status	Explanation
2022-001	Corrected	
2022-002	Corrected	

OHIO AUDITOR OF STATE KEITH FABER



MORROW COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 8/27/2024

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
www.ohioauditor.gov