



MORGAN COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

MORGAN COUNTY
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REPORT OF INDEPENDENT ACCOUNTANTS

Morgan County
19 East Main Street
McConnelsville, Ohio 43756

To the Board of Commissioners:

We have audited the accompanying financial statements of Morgan County, Ohio (the County), as of and for the year ended December 31, 2000. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Ohio Administrative Code Section 117-2-03(B) requires the County to file its annual financial report in accordance with generally accepted accounting principles. However, as discussed in Note 1, the County prepared its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash and cash equivalents, and combined fund cash balances of Morgan County as of December 31, 2000, and its combined cash receipts and disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances, for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 30, 2001 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the financial statements of the County taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of management, the Board of County Commissioners and other officials authorized to receive this report under Section 117.26, Ohio Revised Code and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 30, 2001

MORGAN COUNTY

COMBINED STATEMENT OF CASH, CASH EQUIVALENTS
AND FUND CASH BALANCES - ALL FUND TYPES
AS OF DECEMBER 31, 2000

Cash and Cash Equivalents	\$ 6,569,515
Total	<u>\$ 6,569,515</u>

CASH BALANCES BY FUND TYPE

Governmental Funds:	
General Fund	\$ 374,123
Special Revenue Funds	2,713,247
Debt Service Fund	
Capital Projects Funds	310
Proprietary Funds:	
Enterprise Funds	49,726
Internal Service Funds	102,598
Fiduciary Funds:	
Expendable Trust Funds	2,429,197
Nonexpendable Trust Funds	24,226
Agency Funds	<u>876,088</u>
Total	<u>\$ 6,569,515</u>

The notes to the financial statements are an integral part of this statement.

MORGAN COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Cash Receipts:				
Taxes	\$ 1,679,696	\$ 876,732	\$	\$
Charges for Services	394,448	484,065		
Licenses and Permits	1,630	11,133		
Fines and Forfeitures	94,226	41,874		
Intergovernmental Receipts	331,449	7,296,179		
Interest Revenue	155,004	24,424		
All Other Receipts	171,444	443,758		
Total Cash Receipts	<u>2,827,897</u>	<u>9,178,165</u>	<u>0</u>	<u>0</u>
Cash Disbursements:				
General Government:				
Executive and Legislative	1,045,691	258,074		
Judicial	382,508	4,753		
Public Safety	625,862	934,683		
Public Works	14,763	2,663,155		
Health	21,193	455,763		
Human Services	166,175	4,505,820		
Miscellaneous	592,174			
Capital Outlay				
Debt Service:				
Principal Payment	26,256	56,322	147,613	
Interest and Fiscal Charges	10,444	1,279	24,188	
Total Cash Disbursements	<u>2,885,066</u>	<u>8,879,849</u>	<u>171,801</u>	<u>0</u>
Excess of Cash Receipts Over/ (Under) Cash Disbursements	<u>(57,169)</u>	<u>298,316</u>	<u>(171,801)</u>	<u>0</u>
Other Financing Sources/(Uses):				
Operating Transfers-In		98,439	171,801	
Operating Transfers-Out	(136,569)	(171,801)		
Operating Advances-In		47,336		
Operating Advances-Out	(47,336)			
Other Financing Sources	87,805	39,901		
Other Financing Uses	(10,317)			
Total Other Financing Sources/(Uses)	<u>(106,417)</u>	<u>13,875</u>	<u>171,801</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing (Uses)	<u>(163,586)</u>	<u>312,191</u>	<u>0</u>	<u>0</u>
Fund Cash Balances, January 1	<u>537,709</u>	<u>2,401,056</u>		<u>310</u>
Fund Cash Balances, December 31	<u>\$ 374,123</u>	<u>\$ 2,713,247</u>	<u>\$ 0</u>	<u>\$ 310</u>

The notes to the financial statements are an integral part of this statement.

<u>Fiduciary Fund Type Expendable Trust</u>	<u>Totals (Memorandum Only)</u>
\$	\$ 2,556,428
	878,513
	12,763
	136,100
	7,627,628
131,879	311,307
<u> </u>	<u>615,202</u>
131,879	12,137,941
	1,303,765
	387,261
	1,560,545
	2,677,918
	476,956
	4,671,995
	592,174
14,241	14,241
	230,191
	<u>35,911</u>
<u>14,241</u>	<u>11,950,957</u>
<u>117,638</u>	<u>186,984</u>
	270,240
	(308,370)
	47,336
	(47,336)
	127,706
	<u>(10,317)</u>
<u>0</u>	<u>79,259</u>
117,638	266,243
<u>2,311,559</u>	<u>5,250,634</u>
<u>\$ 2,429,197</u>	<u>\$ 5,516,877</u>

MORGAN COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES
IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000

	Proprietary Fund Types		Fiduciary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	Agency	
Operating Cash Receipts:					
Charges for Services	\$	\$ 904,444	\$	\$	\$ 904,444
Interest		1,167	1,089		2,256
Other Operating Receipts	53,149	74			53,223
Total Operating Cash Receipts	53,149	905,685	1,089	0	959,923
Operating Cash Disbursements:					
Personal Services - Salaries		51,253			51,253
Contract Services	3,423	230,330			233,753
Claims and Judgements		630,429			630,429
Other Operating Disbursements		80			80
Total Operating Cash Disbursements	3,423	912,092	0	0	915,515
Operating Income/(Loss)	49,726	(6,407)	1,089	0	44,408
Nonoperating Cash Receipts/(Disbursements):					
Transfers-In				38,130	38,130
Other Nonoperating Receipts				25,219,632	25,219,632
Other Nonoperating Disbursements				(25,039,629)	(25,039,629)
Total Nonoperating Cash Receipts/ (Disbursements)	0	0	0	218,133	218,133
Net Income/(Loss)	49,726	(6,407)	1,089	218,133	262,541
Fund Cash Balances, January 1		109,005	23,137	657,955	790,097
Fund Cash Balances, December 31	\$ 49,726	\$ 102,598	\$ 24,226	\$ 876,088	\$ 1,052,638

The notes to the financial statements are an integral part of this statement.

MORGAN COUNTY

**COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL -
ALL BUDGETED FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

<u>Fund Types/Funds</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Governmental			
General	\$ 2,783,637	\$ 2,915,702	\$ 132,065
Special Revenue	10,647,968	9,363,841	(1,284,127)
Debt Service	171,800	171,801	1
Capital Projects			0
Proprietary			
Enterprise	53,000	53,149	149
Internal Service	698,000	905,685	207,685
Fiduciary			
Expendable Trust	125,000	131,879	6,879
Nonexpendable Trust	<u>1,000</u>	<u>1,089</u>	<u>89</u>
Totals (Memorandum Only)	<u>\$ 14,480,405</u>	<u>\$ 13,543,146</u>	<u>\$ (937,259)</u>

The notes to the financial statements are an integral part of this statement.

MORGAN COUNTY

**COMBINED STATEMENT OF DISBURSEMENTS AND ENCUMBRANCES
 COMPARED WITH EXPENDITURE AUTHORITY - ALL BUDGETED FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 2000**

<u>Fund Types/Funds</u>	<u>Prior Year Carryover Appropriations</u>	<u>Appropriations</u>	<u>Total</u>
Governmental			
General	\$ 17,085	\$ 3,264,279	\$ 3,281,364
Special Revenue	50,230	11,830,347	11,880,577
Debt Service		221,801	221,801
Capital Projects		310	310
Proprietary			
Enterprise		3,423	3,423
Internal Service		53,140	53,140
Fiduciary			
Expendable Trust		100,205	100,205
Nonexpendable Trust		1,000	1,000
Totals (Memorandum Only)	<u>\$ 67,315</u>	<u>\$ 15,474,505</u>	<u>\$ 15,541,820</u>

The notes to the financial statements are an integral part of this statement.

<u>Disbursements</u>	<u>Encumbrances Outstanding 12/31/00</u>	<u>Total</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 3,079,288	\$ 57,849	\$ 3,137,137	\$ 147,875
9,051,650	524,505	9,576,155	2,329,171
171,801		171,801	50,000
		0	310
3,423		3,423	0
912,092		912,092	(858,952)
14,241		14,241	85,964
		0	1,000
<u>\$ 13,232,495</u>	<u>\$ 582,354</u>	<u>\$ 13,814,849</u>	<u>\$ 1,755,368</u>

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MORGAN COUNTY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Morgan County (the County), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County operates under the direction of a three-member elected Board of County Commissioners. The County Auditor is responsible for the fiscal controls of the resources of the County which are maintained in the funds described below. The County Treasurer is the custodian of funds and the investment officer. All of these officials are elected.

Services provided by the County include general government, public safety, public works, and human services.

Management believes the financial statements included in this report represent all of the funds of the County over which the County has the ability to exercise direct operating control, except as described below:

- The County is associated with the Buckeye Joint-County Self Insurance Council, which is defined as a jointly governed organization. Additional information on this organization is presented in Note 5.
- The Mary Hammond Adult Activity Center is a legally separate, not-for-profit corporation, served by a self-appointing Board of Trustees. Based on the services and resources provided by the County to Mary Hammond Adult Activity Center and their sole purpose of providing assistance to the retarded and handicapped adults of Morgan County, the Workshop is considered to be a component unit of Morgan County. Financial statements can be obtained from the Mary Hammond Adult Activity Center.
- The Morgan County Regional Airport Authority is not a separately elected governing body. It was created by resolution of the County Commissioners under Ohio Rev. Code Section 308.01. The Board of Trustees consists of three members which are all appointed by the Board of County Commissioners. The Regional Airport Authority is also considered to be a component unit of Morgan County. Financial statements can be obtained from the Morgan County Regional Airport Authority.

The Mary Hammond Adult Activity Center and the Morgan County Regional Airport Authority audited financial statements were not available to incorporate into the County's combined financial statements. However, the activity of these agencies was not considered material in relation to the County's combined financial statements.

B. Basis of Accounting

Although required by Ohio Administrative Code Section 117-2-03(B) to prepare its annual financial report in accordance with generally accepted accounting principles, the County chose to prepare its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

MORGAN COUNTY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting (Continued)

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Cash Equivalents

Cash and cash equivalents consist of the total of fund cash balances of all funds as of December 31, 2000. County funds are maintained in several checking accounts as well as invested in certificates of deposit with terms of six to twelve months. Individual fund integrity is maintained through the County's records.

D. Fund Accounting

The County maintains its accounting records in accordance with the principles of fund accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each type of funds are as follows:

1. Governmental Fund Types:

General Fund

The General Fund is the general operating fund of the County. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds

These funds are used to account for proceeds of specific revenue sources (other than expendable trusts or capital projects) that are legally restricted to disbursements for specified purposes.

Debt Service Funds

These funds are used to account for the accumulation of financial resources for, and the payment of general long-term debt principal, interest and related costs.

Capital Project Funds

These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

MORGAN COUNTY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Proprietary Fund Types:

Enterprise Fund

This fund is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

Internal Service Funds

These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other government units, on a cost-reimbursement basis.

3. Fiduciary Fund Types:

Trust and Agency Funds

These funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include Expendable Trust Funds, Nonexpendable Trust Funds, and Agency Funds.

E. Budgetary Process

1. 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.

2. Estimated Resources

The County Budget 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 receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31, the County must revise its budget so that the total contemplated disbursements from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include January 1 unencumbered fund balances. However, those fund balances are available for appropriations.

MORGAN COUNTY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

4. Encumbrances

The County is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the disbursement of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each fiscal 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 fiscal year and need not be reappropriated.

F. Property, Plant and Equipment

Fixed assets acquired or constructed for the County are recorded as disbursements. Depreciation is not recorded for these fixed assets.

G. Accumulated Unpaid Vacation and Sick Leave

Accumulated unpaid vacation and sick leave are not accrued under the cash basis of accounting described in Note 1. At December 31, 2000, management estimates that \$138,705 in sick leave (retirement eligible amounts only) and \$184,873 in vacation leave have been accumulated by the employees of the County. All leave will either be absorbed by time off from work, or within certain limitations, be paid to the employees.

H. Total Columns on Financial Statements

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution. The County maintains a cash pool which is used by all funds. Each fund type's portion of this pool is displayed on the "Combined Statement of Cash, Cash Equivalents and Fund Cash Balances" as "Cash Balances by Fund Type".

MORGAN COUNTY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS (Continued)

Interim monies can be invested or deposited in the following securities:

- A. 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 and interest by the United States;
- B. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- C. Written purchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- D. Bonds and other obligations of the State of Ohio;
- E. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
- F. The State Treasurer's investment pool (STAROhio);
- G. Certain Bankers' acceptance and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and
- H. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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. 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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits: At year-end, the carrying amount of the County's deposits was \$6,569,515, and the bank balance was \$6,755,634.

MORGAN COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)

2. EQUITY IN POOLED CASH AND CASH EQUIVALENTS (Continued)

Of the bank balance:

- A. \$608,559 was covered by federal depository insurance;
- B. \$4,144,173 was covered by collateral held by a third party trustee in the name of the County;
- C. \$2,002,902 was covered by pooled collateral pledged to secure all public funds on deposit. Although all Ohio statutory requirements for the collateralization of deposits had been followed, noncompliance with the Financial Institutions Reform, Recovery and Enforcement Act of 1989 could potentially prevent the County from exercising a successful claim as a secured creditor against the FDIC and render them a general creditor for the uncollateralized amount.

3. PROPERTY TAX

Real property taxes are levied on assessed values which equal 35% of appraised values. The County Auditor reappraises all real property every six years with a triennial update. The last reappraisal was completed for tax year 2000.

Real property taxes become a lien on all non-exempt real property located in the County on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The full tax rate applied to real property for the fiscal year ended December 31, 2000, was \$8.50 per \$1000 of assessed valuation.

After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$6.88 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$7.35 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the County by the State of Ohio.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the fiscal year ended December 31, 2000, was \$8.50 per \$1,000 of assessed valuation.

Real Property - 1999 Valuation	
Residential/Agricultural	\$ 102,197,940
Commercial/Industrial	25,952,320
Public Utilities	82,050
Tangible Personal Property	
General - 2000 Valuation	24,969,430
Public Utilities - 1999 Valuation	<u>93,294,280</u>
Total Valuation	<u>\$ 246,496,020</u>

MORGAN COUNTY

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2000 (Continued)

3. PROPERTY TAX (Continued)

The Morgan County Treasurer collects property tax on behalf of all taxing districts within the County. The Morgan County Auditor periodically remits to the taxing districts their portions of the taxes collected. Collections of the taxes and remittance of them to the taxing districts are accounted for in various agency funds of the County.

4. LOCAL SALES TAX

For the purpose of providing additional revenues, the County has levied a sales tax at the rate of 1.5 percent upon certain retail sales made in the County. Local sales tax receipts are credited to the General Fund and amounted to \$966,601 in 2000.

5. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, theft or damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During 2000, the County contracted with the Buckeye Joint-County Self Insurance Council for liability, auto, and crime insurance.

The Buckeye Joint-County Self Insurance Council is a jointly governed organization that serves Athens, Hocking, Jackson, Lawrence, Meigs, Monroe, Morgan, Noble, Perry, Pike, Vinton, and Washington counties, and is formed as an Ohio non-profit corporation for the purpose of establishing an insurance pool to obtain general liability, law enforcement, professional and fleet insurance. Member counties provide operating resources to the corporation based on actuarially determined rates.

The degree of control exercised by any participating government is limited to its representation on the Board. The Governing Board is composed of at least one County Commissioner from each of the participating counties. The Governing Board annually elects officers which include a President, Vice President, Second Vice President and two Governing Board members.

The expenditures and investments of funds by the officer must be approved by the Governing Board unless specific limits have been set by the Governing Board to permit.

In the event of losses, the first \$250 to \$1,000 of any valid claim depending on the type of loss, will be paid by the member. The next payment, with a maximum pay range from \$100,000 to \$1,000,000 per occurrence, will come from the self insurance pool based on the member's percentage of contribution. If the aggregate claims paid by the pool exceed the available resources, the pool may require the members to make additional supplementary payments. Morgan County does not have any ongoing financial interest or responsibility.

The agreement between the County and the Council indicates that a voluntary withdrawal or termination by the County shall constitute a forfeiture of any pro-rata share of the Council Reserve Fund. In the event of the termination of the Council, current members shall be paid in an amount they have contributed to the Council as of the last month of the Council's existence. Current calculation of this potential residual interest is, therefore, not possible. During 2000, Morgan County paid \$82,460 to the Council for insurance coverage, which included \$2,075 for insurance for the Morgan County Regional Airport Authority.

MORGAN COUNTY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

5. RISK MANAGEMENT (Continued)

This jointly governed organization is a cost-sharing pool. Coverage provided to the County by the program is as follows:

<u>Policy Type</u>	<u>Annual/ Aggregate Coverages</u>	<u>Deductible</u>
General Liability	\$2,000,000/\$4,000,000	\$1,000
Public Officials Liability	\$2,000,000/\$3,000,000	\$1,000
Law Enforcement	\$2,000,000/\$3,000,000	\$1,000
Auto Liability	\$1,000,000 per occurrence	\$0
Pollution Liability	\$10,000	\$1,000
All Risk Blanket Property	Building and Contents per Schedule	\$250
Flood (Zone A coverage)	\$10,000,000	\$2,500
Earthquake	\$10,000,000	\$25,000
Electronic Data Processing Equipment	\$500,000	\$500
Blanket Bond	\$250,000	\$0
Elected Officials Bond	Per Bond Schedule	\$0
Money and Securities (Food Stamps)	\$500,000	\$250
Boiler and Machinery	\$25,000,000	\$250
Inland Marine	Per Schedule	\$100
Auto Comprehensive	Per Schedule	\$100
Auto Collision	Per Schedule	\$250
Nurse Liability	\$2,000,000	\$1,000
EMT/EMTA - Paramedics	\$2,000,000/\$4,000,000	\$1,000
<u>Property</u>	<u>Building/Contents</u>	<u>Deductible</u>
Courthouse	\$2,052,000/\$75,000	\$250
Radio Equipment House	\$5,000/\$10,000	\$250
County Garage	\$350,000/\$100,000	\$250
Sheriff's Department	\$1,247,000/\$100,000	\$250
Human Services	\$384,000/\$100,000	\$250
Health Clinic	N/A/\$100,000	\$250
Senior Center	\$75,000/\$25,000	\$250
Child Support Enforcement Agency	N/A/\$20,000	\$250
Fair Grounds	\$1,189,000/\$54,000	\$250
County Highway Garage	\$520,000/\$200,000	\$250

MORGAN COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)

5. RISK MANAGEMENT (Continued)

<u>Property</u>	<u>Building/Contents</u>	<u>Deductible</u>
County Care Center	\$150,000/N/A	\$250
MRDD	\$674,000/\$280,000	\$250
Airport	\$114,000/\$6,000	\$250
Park	N/A/\$5,000	\$250
Veterans Office	N/A/\$10,000	\$250
Health Clinic	N/A/\$100,000	\$250
County Engineer Storage Garage	\$50,000/\$10,000	\$250
Soil and Water	N/A/\$12,000	\$250

The County pays the State Bureau of Worker's Compensation System a premium based on a rate per \$100 salary. This rate is calculated based upon accident history and administrative costs. The County pays all elected officials' bonds by statute.

The County maintains a limited-risk health insurance program for employees. Premiums are paid to a third-party administrator. An Internal Service Fund is presented in the financial statements and reflects premiums paid into the Insurance Reserve Internal Service Fund by other funds which are available to pay claims and administrative costs, and to establish claim reserves. An excess coverage insurance policy covers aggregate annual claims at 110% of estimated claims.

6. RETIREMENT SYSTEM

Public Employees Retirement System (PERS)

All County employees, participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple employer defined benefit pension plan administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report that may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members, other than those engaged in law enforcement, are required to contribute 8.5 percent of their annual covered salary to fund pension obligations; law enforcement employees contribute 9 percent. For calendar year 2000, PERS instituted a temporary employer rate rollback for state and local governments. For plan members, other than those engaged in law enforcement, the County was required to contribute 6.54 percent of covered salary for 2000, a reduction from 9.35 percent for 1999. The County contribution for law enforcement employees for 2000 was 11.4 percent, down from 12.5 percent for 1999. Contributions are authorized by State statute. The contribution rates are determined actuarially. The County's contributions to PERS for the years ended December 31, 2000, 1999, and 1998 were \$821,333, \$781,773, and \$848,513, respectively; 100 percent has been contributed for 2000, 1999 and 1998.

MORGAN COUNTY

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)

7. POSTEMPLOYMENT BENEFITS

Public Employees Retirement System (PERS)

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit and primary survivor recipients of such retirees. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The employer contribution rate for 2000 was 10.84 percent of covered payroll for employees not engaged in law enforcement; 4.3 percent was the portion that was used to fund health care. The employer contribution rate for law enforcement employees for 2000 was 15.7 percent; 4.3 percent was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 1999, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

The number of active contributing participants was 401,339. The County's actual contributions for 2000 which were used to fund postemployment benefits were \$235,989. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 1999, (the latest information available) were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$12,473.6 million and \$1,668.1 million, respectively.

For 2000, PERS elected to return to an actuarially pre-funded type of disclosure because it is a better presentation of PERS's actual funding methodology. Since 1997, disclosures had been based on a pay-as-you-go funding basis.

8. DEBT OBLIGATIONS

Debt outstanding at December 31, 2000, consisted of the following:

	<u>Principal</u>	<u>Interest Rates</u>
Computer Loan #1	\$ 35,200	5.25%
Computer Loan #2	37,667	5.25%
General Obligation County Garage Facility Note	323,973	5.37%
Ohio Water Development Authority Loan	<u>164,056</u>	4.12%
Total	<u>\$ 560,896</u>	

MORGAN COUNTY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

8. DEBT OBLIGATIONS (Continued)

The computer loans were obtained in 1998 to provide financing of a new computer system for the County Auditor. General Fund and Real Estate Assessments Fund monies of the County are being used to repay this debt. The equipment is being used as collateral on the loans.

The County issued a general obligation construction note to finance the building of a new County Garage in 1999. The full faith and credit of the County has been pledged to repay this debt.

Proceeds from the Ohio Water Development Authority loan was used to pay for a study to determine the cap, leachate management, explosive gas monitoring, ground water monitoring and other technical services to close the County's landfill. General Fund monies are being used to repay this debt.

The annual requirements to amortize debt outstanding as of December 31, 2000, including interest payments of \$88,692, are as follows:

<u>Year Ending December 31</u>	<u>Computer Loan #1</u>	<u>Computer Loan #2</u>	<u>County Garage Facility Note</u>	<u>OWDA Loan</u>	<u>Total</u>
2001	\$ 14,396	\$ 15,092	\$ 71,800	\$ 7,052	\$ 108,340
2002	13,724	15,092	71,800	14,103	114,719
2003	9,852	10,459	71,800	14,103	106,214
2004	0	0	129,922	14,103	144,025
2005	0	0	0	14,103	14,103
2006 - 2010	0	0	0	70,516	70,516
2011 - 2014	0	0	0	70,516	70,516
2016 - 2017	<u>0</u>	<u>0</u>	<u>0</u>	<u>21,155</u>	<u>21,155</u>
Total	<u>\$ 37,972</u>	<u>\$ 40,643</u>	<u>\$ 345,322</u>	<u>\$ 225,651</u>	<u>\$ 649,588</u>

9. MORGAN COUNTY LANDFILL

The Commissioners leased the land from F. E. and Eileen Haines to operate the Morgan County Landfill (the Facility). William Miller was the operator and license holder for the Facility from 1974 to 1988 when the Facility was closed. The Ohio Administrative Code requires the operator to complete certain environmental remediation to the Facility within sixty days after closing and to maintain the site after closure. Subsequent to the closure on September 1, 1988, the Ohio Environmental Protection Agency (EPA) conducted inspections and documented various violations of closure requirements. On February 13, 1995, the Director of the EPA issued Final Findings and Orders to the Morgan County Commissioners, F. E. and Eileen Haines, and William R. Miller concerning violations of closure and post-closure requirements. Post-closure requirements extend 30 years beyond the closure date.

MORGAN COUNTY

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000
(Continued)**

9. MORGAN COUNTY LANDFILL (Continued)

As a result of the Director's Final Findings and Orders, the Commissioners contracted for a study to determine the cap, leachate management, explosive gas monitoring, ground water monitoring, and for other technical services relating to closure procedures for the Facility. During 1997, the County paid for the construction phase of capping the Facility. Since that time, the Commissioners have contracted with an engineering firm to prepare a corrective measure plan to address the remaining EPA concerns, including post-closure care. Alternative plans ranging from approximately \$1.5 million to \$15.9 million have been documented and presented to the EPA.

As of the date of this report, the Commissioners cannot determine which plan will be accepted, if any, and what portion of the remaining costs will be paid by the County.

10. CONTINGENCIES

A. Grants

The County received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is 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 adverse effect on the overall financial position of the County at December 31, 2000.

B. Litigation

There are currently no matters in litigation with the County as defendant.

MORGAN COUNTY

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2000**

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass-Through Entity Number	Disbursements
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed through the Ohio Department of Development:</i>			
Community Development Block Grant - State's Program	14.228	B-C-98-053-1 B-F-98-053-1 B-F-99-053-1 B-W-99-053-1	\$ 23,882 24,151 47,416 <u>347,866</u>
Total Community Development Block Grant Program			<u>443,315</u>
<i>Direct from Federal Government:</i>			
HOME Investment Partnerships Program	14.239	B-C-98-053-2	<u>204,348</u>
Total United States Department of Housing and Urban Development			647,663
UNITED STATES DEPARTMENT OF JUSTICE			
<i>Direct from Federal Government:</i>			
Public Safety Partnership and Community Policing Grant	16.710	1995CFWX5400	28,005
<i>Passed through the Governor's Office of Criminal Justice Services:</i>			
Crime Victims Assistance Grant	16.575	2000VAGENE336	21,599
Violence Against Women Formula Grant	16.588	96-WF-VA2-8423	20,045
Local Law Enforcement Block Grants Program	16.592	98-LE-LEB-3109	<u>7,512</u>
Total United States Department of Justice			77,161
FEDERAL EMERGENCY MANAGEMENT AGENCY			
<i>Pass Through Ohio Emergency Management Agency:</i>			
State and Local Assistance	83.534	N/A	<u>13,029</u>
Total Federal Emergency Management Agency			13,029
UNITED STATES DEPARTMENT OF EDUCATION			
<i>Passed through the Ohio Department of Health:</i>			
Special Education - Grants for Infants and Families with Disabilities	84.181	58-1-003-1-AN-01	<u>102,258</u>
Total United States Department of Education			102,258
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed through the Ohio Department of Mental Retardation and Developmental Disabilities:</i>			
Social Services Block Grant	93.667	N/A	14,688
Medical Assistance Program	93.778	N/A	<u>126,598</u>
Total United States Department of Health and Human Services			<u>141,286</u>
Total Federal Awards Expenditures			<u>\$ 981,397</u>

The notes to the Schedule of Federal Awards Expenditures are an integral part of this Schedule.

MORGAN COUNTY

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
DECEMBER 31, 2000**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the County's federal awards programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B - SUBRECIPIENTS

The County passes-through certain Federal assistance received from United States Department of Housing and Urban Development to other governments or not-for-profit agencies (subrecipients). As described in Note A, Morgan County records expenditures of Federal awards to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities related to administering these Federal Programs. Under OMB Circular A-133, the County is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements, and that performance goals are achieved.

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require that the County contribute non-Federal funds (matching funds) to support the Federally-funded programs. The County has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Morgan County
19 East Main Street
McConnelsville, Ohio 43756

To the Board of Commissioners:

We have audited the accompanying financial statements of Morgan County, Ohio (the County), as of and for the year ended December 31, 2000, and have issued our report thereon dated March 30, 2001, wherein we noted that the County had not adopted generally accepted accounting principles. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2000-61058-001 through items 2000-61058-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the County in a separate letter dated March 30, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the County in a separate letter dated March 30, 2001.

This report is intended for the information and use of management, the Board of County Commissioners, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 30, 2001



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Morgan County
19 East Main Street
McConnelsville, Ohio 43756

To the Board of Commissioners:

Compliance

We have audited the compliance of Morgan County, Ohio (the County), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2000. The County's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2000. However, we noted an immaterial instance of noncompliance that does not require inclusion in this report, that we have reported to the management of the County in a separate letter dated March 30, 2001.

Internal Control over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to the management of the County in a separate letter dated March 30, 2001.

This report is intended for the information and use of management, the Board of County Commissioners, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

March 30, 2001

MORGAN COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2000

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Community Development Block Grant - CFDA # 14.228 HOME Investment Partnerships Program - CFDA # 14.239
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

MORGAN COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2000
(Continued)

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

Finding Number 2000-61058-001

Noncompliance Citation

Ohio Admin. Code Section 117-2-03(B) requires the County to file its annual financial report in pursuant to generally accepted accounting principles.

The County prepared its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State, which is a basis of accounting other than generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. The County can be fined and various other legal administrative remedies may be taken against the County.

We recommend the County take the necessary steps to ensure that the annual financial report is prepared on a generally accepted accounting principles basis.

Finding Number 2000-61058-002

Noncompliance Citation

Ohio Rev. Code Section 5705.36 allows all subdivisions to request reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be less than the amount in the official certificate of estimated resources. The County must request a reduced amended certificate when actual receipts plus January 1 unencumbered cash will be less than amounts appropriated.

Budgeted revenue exceeded actual revenue and appropriations were greater than actual revenue at December 31, 2000, as follows:

<u>Fund</u>	<u>Budgeted Revenue</u>	<u>Actual Revenue Plus Unencumbered Cash</u>	<u>Appropriation Authority</u>
Public Assistance	\$ 4,053,312	\$ 3,468,919	\$ 4,465,022
Children's Services	350,000	319,949	350,000
Child Support Enforcement Agency	522,300	494,516	522,300
COPS Fast	44,000	31,019	45,650
Early Intervention	124,361	109,198	125,141
Community Corrections Planning Grant	53,158	44,319	31,205

This could result more money being appropriated than will actually be available for expenditure.

We recommend the County Auditor monitor estimated and actual revenues for all funds on a regular basis. In the situation where budgeted revenue exceeds actual revenue and appropriations exceed actual revenue, a reduced amended certificate must be obtained and appropriations adjusted accordingly.

MORGAN COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2000
(Continued)

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

Finding Number 2000-61058-003

Noncompliance Citation

Ohio Rev. Code Section 5705.39 states that the total appropriation from each fund should not exceed the total estimated revenue. This could result in the County overspending available fund balances.

Appropriations exceeded estimated resources at December 31, 2000, as follows:

<u>Fund</u>	<u>Appropriation Authority</u>	<u>Estimated Resources</u>	<u>Variance</u>
Debt Service	\$ 221,801	\$ 171,801	\$ (50,000)

We recommend the County compare appropriations to estimated resources throughout the year and make the necessary budgetary adjustments to ensure that appropriations do not exceed estimate resources. This comparison should be performed whenever amendments are approved by the Board and posted to the system.

Finding Number 2000-61058-004

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision from making a disbursement unless it has been properly appropriated.

Expenditures exceeded appropriations at December 31, 2000, as follows:

<u>Fund</u>	<u>Appropriation Authority</u>	<u>Expenditures</u>	<u>Variance</u>
Self-Insurance Reserves	\$ 0	\$ 230,330	\$ (230,330)
Self-Insurance Premiums	0	630,386	(630,386)
Felony Care and Custody	44,630	108,219	(63,589)
Motor Vehicle License and Gasoline Tax	0	7,512	(7,512)
Washington/Morgan Community Action Grant	226,473	257,768	(31,295)

These violations occurred as a result of management failing to adequately monitor budgetary activity and adopt budgetary amendments when needed.

MORGAN COUNTY

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2000
(Continued)**

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

Finding Number 2000-61058-004 (Continued)

Noncompliance Citation (Continued)

Ohio Rev. Code Section 5705.41(B) (Continued)

We recommend the County closely monitor the activity in these funds to make certain funds have been adequately budgeted to meet the needs of the County. Expenditures should not be made until sufficient appropriations have been adopted by the Board of County Commissioners and certified by the County Budget Commission.

3. FINDINGS FOR FEDERAL AWARDS

There were no findings related to federal awards.

MORGAN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
 OMB CIRCULAR A -133 § .315 (b)
 DECEMBER 31, 2000

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-61058-001	A material noncompliance citation was issued under Ohio Admin. Code Section 117-1-11 (now 117-2-03(B)) for failing to prepare and file financial statements pursuant to GAAP.	No	Not Corrected: The County does not believe the benefits associated with filing GAAP statements outweigh the costs associated with preparing them. This situation was repeated in the current audit as finding 2000-61068-001.
1999-61058-002	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.39 for appropriations exceeding estimated resources in several funds.	No	Partially Corrected: This situation was no longer significant for most funds involved. However, it is repeated in the current audit as finding 2000-61068-003.
1999-61058-003	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.41(B) for expenditures exceeding appropriations in several funds.	No	Not Corrected: This situation was repeated in the current audit as finding 2000-61068-004.
1999-61058-004	A material federal noncompliance citation was issued under 34 C.F.R. 85.32 for not following equipment and real property management requirements.	No	Finding No Longer Valid: Based on revisions to the program, this requirement is no longer significant if equipment was purchased for use by beneficiaries and not the County.



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MORGAN COUNTY FINANCIAL CONDITION

MORGAN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
APRIL 26, 2001