

# **Morrow County, Ohio**

## **GENERAL PURPOSE FINANCIAL STATEMENTS**

**DECEMBER 31, 2000**





**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**  

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48 East Main Street  
Mt. Gilead, Ohio 43338

We have reviewed the Independent Auditor's Report of Morrow County, prepared by Ciuni & Panichi, Inc., for the audit period January 1, 2000 through December 31, 2000. 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.

**JIM PETRO**  
Auditor of State

June 29, 2001

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# **MORROW COUNTY, OHIO**

**FOR THE YEAR ENDED DECEMBER 31, 2000**

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## INDEPENDENT AUDITORS' REPORT

Board of County Commissioners  
Morrow County, Ohio

We have audited the accompanying general-purpose financial statements of Morrow County, Ohio as of and for the year ended December 31, 2000 as listed in the table of contents. These general-purpose financial statements are the responsibility of Morrow County, Ohio's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit. We did not audit the financial statements of the Morrow County Hospital, which represent 97 percent and 99 percent, respectively, of the total assets and total revenue of the enterprise fund type. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Morrow County Hospital, is based on the report of the other auditors.

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. 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 and the report of other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Morrow County, Ohio, as of December 31, 2000, and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 1, 2001 on our consideration of Morrow County, Ohio's internal control over financial reporting and on 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.

*Ciuni & Panichi, Inc.*

Cleveland, Ohio  
June 1, 2001

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# **MORROW COUNTY, OHIO**

## **GENERAL PURPOSE FINANCIAL STATEMENTS**

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The general purpose financial statements of Morrow County, Ohio include the basic combined financial statements, presented by fund type and account group, and notes to the financial statements that are essential to the fair presentation of financial position and results of operations and cash flows of proprietary fund types.

**MORROW COUNTY, OHIO**  
**COMBINED BALANCE SHEET**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**DECEMBER 31, 2000**

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Types
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency
<b><u>ASSETS AND OTHER DEBITS</u></b>						
<b>ASSETS:</b>						
Equity in pooled cash and cash equivalents . . .	\$1,863,752	\$5,442,818	\$241,100	\$4,213,142	\$89,514	\$2,461,971
Cash in segregated accounts . . . . .					337,182	827,662
Investments in segregated accounts . . . . .						35,000
Receivables (net of allowances for uncollectibles):						
Taxes . . . . .	1,781,580	2,779,607				15,728,713
Accounts . . . . .	58,808	29,221			3,312,549	589
Accrued interest . . . . .	65,687	345		20,353	733	
Notes . . . . .		192,938			172,525	
Special assessments . . . . .			64,408			64,408
Due from other funds . . . . .	9,679	31,281	213,696	6,655		2,560
Due from other governments . . . . .	155,639	344,443				472,455
Prepayments . . . . .	104,134	41,864			406,358	
Deposits . . . . .						
Materials and supplies inventory . . . . .	15,232	54,395			116,066	
Restricted assets:						
Investments . . . . .					1,057,273	
Accrued interest . . . . .					14,162	
Property, plant and equipment (net of accumulated depreciation where applicable) . . . . .					6,643,317	
<b>OTHER DEBITS:</b>						
Amount available in debt service fund . . . . .						
Amount to be provided for retirement of general long-term obligations . . . . .						
Total assets and other debits . . . . .	<u>\$4,054,511</u>	<u>\$8,916,912</u>	<u>\$519,204</u>	<u>\$4,240,150</u>	<u>\$12,149,679</u>	<u>\$19,593,358</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

Exhibit 1

<u>Account Groups</u>		<u>Total Primary Government (Memorandum Only)</u>	<u>Component Unit</u>	<u>Total Reporting Entity (Memorandum Only)</u>
<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>			
		\$14,312,297		\$14,312,297
		1,164,844	\$32,128	1,196,972
		35,000	10,000	45,000
		20,289,900		20,289,900
		3,401,167	55,003	3,456,170
		87,118		87,118
		365,463		365,463
		128,816		128,816
		263,871		263,871
		972,537		972,537
		552,356		552,356
			833	833
		185,693	22,661	208,354
		1,057,273		1,057,273
		14,162		14,162
\$12,435,754		19,079,071	3,600	19,082,671
	\$454,796	454,796		454,796
	<u>2,256,029</u>	<u>2,256,029</u>		<u>2,256,029</u>
<u>\$12,435,754</u>	<u>\$2,710,825</u>	<u>\$64,620,393</u>	<u>\$124,225</u>	<u>\$64,744,618</u>

continued

**MORROW COUNTY, OHIO**  
**COMBINED BALANCE SHEET**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**DECEMBER 31, 2000**

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Types
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>						
<b>LIABILITIES:</b>						
Accounts payable . . . . .	\$161,345	\$680,547			\$759,622	
Accrued wages and benefits . . . . .	138,042	185,935			694,467	
Contracts payable . . . . .				63,377		
Compensated absences payable . . . . .	7,553	16,519				
Deferred revenue . . . . .	1,470,759	2,796,921	\$64,408			
Accrued interest payable . . . . .				59,665		
Due to other funds . . . . .	16,091	23,950		213,696		10,134
Due to other governments . . . . .	156,899	215,076				16,505,115
Notes payable . . . . .				3,895,000	355,460	
Special assessment note payable . . . . .						
Deed restriction on land . . . . .					12,000	
Loans payable . . . . .						
Undistributed assets . . . . .						2,976,912
Claims payable . . . . .		10,754				
Medicare and medicaid third party settlements . . . . .					77,567	
Capital leases payable . . . . .					1,248,344	
General obligation bonds payable . . . . .						
OWDA loan payable . . . . .						
<b>Total liabilities . . . . .</b>	<b>1,950,689</b>	<b>3,929,702</b>	<b>64,408</b>	<b>4,231,738</b>	<b>3,147,460</b>	<b>19,492,161</b>
<b>EQUITY AND OTHER CREDITS:</b>						
Investment in general fixed assets . . . . .						
Contributed capital . . . . .					208,961	
Retained earnings:						
Reserved . . . . .					1,071,435	
Unreserved . . . . .					7,721,823	
Fund balances:						
Reserved for encumbrances . . . . .	651,408	560,465		3,056,703		2,140
Reserved for materials and supplies inventory . . . . .	15,232	54,395				
Reserved for notes receivable . . . . .		192,938				
Reserved for prepayments . . . . .	104,134	41,864				
Reserved for debt service . . . . .			454,796			
Unreserved-undesignated . . . . .	1,333,048	4,137,548		(3,048,291)		99,057
<b>Total equity and other credits . . . . .</b>	<b>2,103,822</b>	<b>4,987,210</b>	<b>454,796</b>	<b>8,412</b>	<b>9,002,219</b>	<b>101,197</b>
<b>Total liabilities, equity and other credits . . . . .</b>	<b>\$4,054,511</b>	<b>\$8,916,912</b>	<b>\$519,204</b>	<b>\$4,240,150</b>	<b>\$12,149,679</b>	<b>\$19,593,358</b>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

Exhibit 1

Account Groups		Total Primary Government (Memorandum Only)	Component Unit	Total Reporting Entity (Memorandum Only)
General Fixed Assets	General Long-Term Obligations			
		\$1,601,514	\$7,224	\$1,608,738
		1,018,444	15,901	1,034,345
		63,377		63,377
	\$500,098	524,170		524,170
		4,332,088	2,012	4,334,100
		59,665		59,665
		263,871		263,871
		16,877,090		16,877,090
		4,250,460	3,426	4,253,886
	135,242	135,242		135,242
		12,000		12,000
	608,765	608,765		608,765
		2,976,912		2,976,912
		10,754		10,754
		77,567		77,567
	60,486	1,308,830		1,308,830
	1,306,178	1,306,178		1,306,178
	100,056	100,056		100,056
	2,710,825	35,526,983	28,563	35,555,546
\$12,435,754		12,435,754		12,435,754
		208,961		208,961
		1,071,435		1,071,435
		7,721,823	95,662	7,817,485
		4,270,716		4,270,716
		69,627		69,627
		192,938		192,938
		145,998		145,998
		454,796		454,796
		2,521,362		2,521,362
12,435,754		29,093,410	95,662	29,189,072
<u>\$12,435,754</u>	<u>\$2,710,825</u>	<u>\$64,620,393</u>	<u>\$124,225</u>	<u>\$64,744,618</u>

**MORROW COUNTY, OHIO**  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2000

	Governmental Fund Types				Fiduciary Fund Type	Total Reporting Entity (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Revenues:</b>						
Property and other taxes . . . . .	\$1,493,942	\$2,315,938				\$3,809,880
Sales taxes . . . . .	2,289,607					2,289,607
Charges for services . . . . .	2,365,690	823,110				3,188,800
Licenses and permits . . . . .	3,407	73,669				77,076
Fines and forfeitures . . . . .	242,724	30,923				273,647
Intergovernmental . . . . .	609,815	9,265,036		\$610,983		10,485,834
Special assessments . . . . .		115,171	\$17,584			132,755
Investment income . . . . .	601,894	29,715		243,926		875,535
Other . . . . .	308,271	58,909	29,517	111,597	\$4,531	512,825
<b>Total revenue . . . . .</b>	<b>7,915,350</b>	<b>12,712,471</b>	<b>47,101</b>	<b>966,506</b>	<b>4,531</b>	<b>21,645,959</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>General government:</b>						
Legislative and executive . . . . .	3,018,518	464,057				3,482,575
Judicial . . . . .	667,720	119,454				787,174
Public safety . . . . .	3,411,755	819,566				4,231,321
Public works . . . . .		2,917,896				2,917,896
Health . . . . .	48,979	3,869,560				3,918,539
Human services . . . . .	194,716	5,872,216				6,066,932
Economic development and assistance . . . . .	67,304	14,146				81,450
Other . . . . .	35,234	391,960			5,033	432,227
Capital outlay . . . . .		208,949		1,118,945		1,327,894
Intergovernmental . . . . .	358,835					358,835
<b>Debt service:</b>						
Principal retirement . . . . .		13,038	282,300			295,338
Interest and fiscal charges . . . . .		4,426	117,247	174,053		295,726
<b>Total expenditures . . . . .</b>	<b>7,803,061</b>	<b>14,695,268</b>	<b>399,547</b>	<b>1,292,998</b>	<b>5,033</b>	<b>24,195,907</b>
<b>Excess (deficiency) of revenues over (under) expenditures . . . . .</b>	<b>112,289</b>	<b>(1,982,797)</b>	<b>(352,446)</b>	<b>(326,492)</b>	<b>(502)</b>	<b>(2,549,948)</b>
<b>Other financing sources (uses):</b>						
Proceeds of loans . . . . .		213,172				213,172
Proceeds of notes . . . . .		150,000				150,000
Proceeds from sale of fixed assets . . . . .	24,640					24,640
Other financing sources . . . . .	154,565	124,000				278,565
Other financing uses . . . . .	(27,153)					(27,153)
Operating transfers in . . . . .			330,512			330,512
Operating transfers out . . . . .	(145,229)	(185,283)				(330,512)
<b>Total other financing sources (uses) . . . . .</b>	<b>6,823</b>	<b>301,889</b>	<b>330,512</b>			<b>639,224</b>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses . . . . .</b>	<b>119,112</b>	<b>(1,680,908)</b>	<b>(21,934)</b>	<b>(326,492)</b>	<b>(502)</b>	<b>(1,910,724)</b>
Fund balances, January 1 . . . . .	1,988,061	6,646,933	476,730	334,904	101,699	9,548,327
Increase (decrease) in reserve for inventory . . . . .	(3,351)	21,185				17,834
<b>Fund balances, December 31 . . . . .</b>	<b>\$2,103,822</b>	<b>\$4,987,210</b>	<b>\$454,796</b>	<b>\$8,412</b>	<b>\$101,197</b>	<b>\$7,655,437</b>

**MORROW COUNTY, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**ALL GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 2000**

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>						
Property taxes . . . . .	\$1,514,510	\$1,497,997	(\$16,513)	\$2,206,000	\$2,315,938	\$109,938
Sales taxes . . . . .	2,050,000	2,227,171	177,171	50,000	50,570	570
Charges for services . . . . .	1,936,790	2,463,603	526,813	870,665	780,007	(90,658)
Licenses and permits . . . . .	3,500	3,257	(243)	50,000	66,147	16,147
Fines and forfeitures . . . . .	251,000	238,682	(12,318)	74,616	30,427	(44,189)
Intergovernmental . . . . .	795,200	687,747	(107,453)	10,256,408	9,562,674	(693,734)
Special assessments . . . . .				143,411	115,171	(28,240)
Investment income . . . . .	700,000	721,643	21,643	20,200	23,643	3,443
Other . . . . .	166,767	320,461	153,694	90,925	46,354	(44,571)
<b>Total revenues . . . . .</b>	<b>7,417,767</b>	<b>8,160,561</b>	<b>742,794</b>	<b>13,762,225</b>	<b>12,990,931</b>	<b>(771,294)</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>General government:</b>						
Legislative and executive . . . . .	3,352,525	3,337,236	15,289	612,598	530,852	81,746
Judicial . . . . .	724,796	707,057	17,739	384,684	115,261	269,423
Public safety . . . . .	3,492,999	3,455,042	37,957	1,404,633	831,971	572,662
Public works . . . . .				3,416,095	3,086,371	329,724
Health . . . . .	58,951	55,782	3,169	4,091,716	3,927,001	164,715
Human services . . . . .	237,782	226,865	10,917	6,367,309	5,957,237	410,072
Economic development and assistance . . . . .	67,290	65,885	1,405	108,933	64,898	44,035
Other . . . . .	124,875	104,441	20,434	790,254	378,014	412,240
Capital outlay . . . . .				376,665	208,949	167,716
Intergovernmental . . . . .	359,243	358,889	354			
<b>Debt service:</b>						
Principal retirement . . . . .						
Interest and fiscal charges . . . . .				35,000	31,283	3,717
<b>Total expenditures . . . . .</b>	<b>8,418,461</b>	<b>8,311,197</b>	<b>107,264</b>	<b>17,587,887</b>	<b>15,131,837</b>	<b>2,456,050</b>
<b>Excess (deficiency) of revenues over (under) expenditures . . . . .</b>	<b>(1,000,694)</b>	<b>(150,636)</b>	<b>850,058</b>	<b>(3,825,662)</b>	<b>(2,140,906)</b>	<b>1,684,756</b>
<b>Other financing sources (uses):</b>						
Proceeds of loans . . . . .				213,172	213,172	0
Proceeds of notes . . . . .				150,000	150,000	0
Proceeds from sale of fixed assets . . . . .	30,640	24,640	(6,000)			
Operating transfers in . . . . .						
Operating transfers (out) . . . . .	(323,327)	(322,229)	1,098	(160,000)	(154,000)	6,000
Other financing sources . . . . .	149,723	155,552	5,829	649,160	124,000	(525,160)
Other financing uses . . . . .	(25,319)	(24,136)	1,183			
<b>Total other financing sources (uses) . . . . .</b>	<b>(168,283)</b>	<b>(166,173)</b>	<b>2,110</b>	<b>852,332</b>	<b>333,172</b>	<b>(519,160)</b>
<b>Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses) . . . . .</b>	<b>(1,168,977)</b>	<b>(316,809)</b>	<b>852,168</b>	<b>(2,973,330)</b>	<b>(1,807,734)</b>	<b>1,165,596</b>
Fund balances, January 1 . . . . .	1,025,858	1,025,858	0	5,629,027	5,629,027	0
Prior year encumbrances appropriated . . . . .	503,295	503,295	0	941,519	941,519	0
<b>Fund balances, December 31 . . . . .</b>	<b>\$360,176</b>	<b>\$1,212,344</b>	<b>\$852,168</b>	<b>\$3,597,216</b>	<b>\$4,762,812</b>	<b>\$1,165,596</b>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

Debt Service			Capital Projects			Total (Memorandum Only)		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
						\$3,720,510	\$3,813,935	\$93,425
						2,100,000	2,277,741	177,741
						2,807,455	3,243,610	436,155
						53,500	69,404	15,904
						325,616	269,109	(56,507)
			\$550,000	\$610,983	\$60,983	11,601,608	10,861,404	(740,204)
\$18,000	\$17,584	(\$416)				161,411	132,755	(28,656)
			185,000	241,560	56,560	905,200	986,846	81,646
34,699	29,517	(5,182)	120,000	112,825	(7,175)	412,391	509,157	96,766
52,699	47,101	(5,598)	855,000	965,368	110,368	22,087,691	22,163,961	76,270
						3,965,123	3,868,088	97,035
						1,109,480	822,318	287,162
						4,897,632	4,287,013	610,619
						3,416,095	3,086,371	329,724
						4,150,667	3,982,783	167,884
						6,605,091	6,184,102	420,989
						176,223	130,783	45,440
109,000	108,155	845				1,024,129	590,610	433,519
			4,623,338	4,238,757	384,581	5,000,003	4,447,706	552,297
						359,243	358,889	354
432,430	282,300	150,130	3,740,000	3,740,000	0	4,172,430	4,022,300	150,130
94,142	85,964	8,178	155,210	155,210	0	284,352	272,457	11,895
635,572	476,419	159,153	8,518,548	8,133,967	384,581	35,160,468	32,053,420	3,107,048
(582,873)	(429,318)	153,555	(7,663,548)	(7,168,599)	494,949	(13,072,777)	(9,889,459)	3,183,318
			3,741,159	3,895,000	153,841	3,954,331	4,108,172	153,841
						150,000	150,000	0
						30,640	24,640	(6,000)
406,445	299,229	(107,216)				406,445	299,229	(107,216)
						(483,327)	(476,229)	7,098
						798,883	279,552	(519,331)
						(25,319)	(24,136)	1,183
406,445	299,229	(107,216)	3,741,159	3,895,000	153,841	4,831,653	4,361,228	(470,425)
(176,428)	(130,089)	46,339	(3,922,389)	(3,273,599)	648,790	(8,241,124)	(5,528,231)	2,712,893
324,560	324,560	0	4,364,150	4,364,150	0	11,343,595	11,343,595	0
46,629	46,629	0	9,722	9,722	0	1,501,165	1,501,165	0
\$194,761	\$241,100	\$46,339	\$451,483	\$1,100,273	\$648,790	\$4,603,636	\$7,316,529	\$2,712,893



**MORROW COUNTY, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN RETAINED EARNINGS/FUND EQUITY**  
**PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNIT**  
**FOR THE YEAR ENDED DECEMBER 31, 2000**

	Proprietary Fund Type	Total Primary Government (Memorandum Only)	Component Unit	Total Reporting Entity (Memorandum Only)
	Enterprise			
Operating revenues:				
Charges for services . . . . .	\$33,982	\$33,982	\$576,326	\$610,308
Contributions from MRDD Board . . . . .			927,919	927,919
Patient service revenue, net . . . . .	14,365,833	14,365,833		14,365,833
Other operating revenues. . . . .	931,499	931,499	9,890	941,389
<b>Total operating revenues . . . . .</b>	<b>15,331,314</b>	<b>15,331,314</b>	<b>1,514,135</b>	<b>16,845,449</b>
Operating expenses:				
Personal services . . . . .	5,993,980	5,993,980	224,258	6,218,238
Contractual services . . . . .	3,693,597	3,693,597	246,070	3,939,667
Materials and supplies . . . . .	2,940,640	2,940,640	18,708	2,959,348
Depreciation . . . . .	793,330	793,330	1,028	794,358
Provision for bad debts. . . . .	2,176,383	2,176,383		2,176,383
Contributed services from MRDD Board . . . . .			927,919	927,919
Other operating expense . . . . .	220,120	220,120	38,909	259,029
<b>Total operating expenses . . . . .</b>	<b>15,818,050</b>	<b>15,818,050</b>	<b>1,456,892</b>	<b>17,274,942</b>
Operating income (loss). . . . .	(486,736)	(486,736)	57,243	(429,493)
Nonoperating revenues (expenses):				
Contributions. . . . .	30,164	30,164		30,164
Loss on sale of fixed assets . . . . .	(31,000)	(31,000)		(31,000)
Interest expense and fiscal charges . . . . .	(38,630)	(38,630)		(38,630)
Investment earnings . . . . .	153,347	153,347		153,347
Gain on sale of investments . . . . .	20,512	20,512		20,512
<b>Total nonoperating revenues (expenses) . . . . .</b>	<b>134,393</b>	<b>134,393</b>		<b>134,393</b>
Net income (loss). . . . .	(352,343)	(352,343)	57,243	(295,100)
Depreciation on fixed assets acquired by contributed capital . . . . .	5,127	5,127		5,127
Retained earnings, January 1 . . . . .	9,140,474	9,140,474	38,419	9,178,893
Retained earnings, December 31 . . . . .	8,793,258	8,793,258	95,662	8,888,920
Contributed capital at beginning of year . . . . .	214,088	214,088		214,088
Depreciation on fixed assets acquired by contributed capital . . . . .	(5,127)	(5,127)		(5,127)
Contributed capital at end of year . . . . .	208,961	208,961		208,961
Fund equity, December 31 . . . . .	\$9,002,219	\$9,002,219	\$95,662	\$9,097,881

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

**MORROW COUNTY, OHIO**  
**COMBINED STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND TYPE AND DISCRETELY PRESENTED COMPONENT UNIT**  
**FOR THE YEAR ENDED DECEMBER 31, 2000**

	Proprietary Fund Type	Total Primary Government (Memorandum Only)	Component Unit	Total Reporting Entity (Memorandum Only)
	Enterprise			
Cash flows from operating activities:				
Income (loss) from operations . . . . .	(\$486,736)	(\$486,736)	\$57,243	(\$429,493)
Adjustments to reconcile income (loss) from operations to net cash provided by operating activities:				
Depreciation . . . . .	793,330	793,330	1,028	794,358
Loss on sale of fixed assets . . . . .	31,000	31,000		31,000
Contributions . . . . .	30,164	30,164		30,164
Interest income . . . . .			(920)	(920)
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable . . . . .	655,058	655,058	(18,193)	636,865
(Increase) in inventory . . . . .	(14,585)	(14,585)	(9,554)	(24,139)
(Increase) in prepayments . . . . .	(227,662)	(227,662)		(227,662)
Increase (decrease) in accounts payable . . . . .	(40,842)	(40,842)	2,889	(37,953)
Increase in accrued wages and benefits . . . . .	47,467	47,467	4,424	51,891
(Decrease) in deferred revenue . . . . .			(29,332)	(29,332)
(Decrease) in due to other governments . . . . .	(44,809)	(44,809)		(44,809)
Net cash provided by operating activities . . . . .	<u>742,385</u>	<u>742,385</u>	<u>7,585</u>	<u>749,970</u>
Cash flows from investing activities:				
Gain on sale of investments . . . . .	20,512	20,512		20,512
Purchase of investments . . . . .			(3,811)	(3,811)
Interest received . . . . .	153,185	153,185	920	154,105
Net cash provided by (used in) investing activities . . . . .	<u>173,697</u>	<u>173,697</u>	<u>(2,891)</u>	<u>170,806</u>
Cash flows from capital and related financing activities:				
Proceeds from sale of property and equipment . . . . .	49,100	49,100		49,100
Purchase of property and equipment . . . . .	(1,031,210)	(1,031,210)		(1,031,210)
Purchase of construction in progress . . . . .	(88,706)	(88,706)		(88,706)
Increase in notes receivable . . . . .	(76,692)	(76,692)		(76,692)
Decrease in assets whose use is limited . . . . .	179,228	179,228		179,228
Proceeds from capital lease obligations . . . . .	838,700	838,700		838,700
Repayment of long-term debt . . . . .	(513,242)	(513,242)	(4,254)	(517,496)
Interest paid . . . . .	(31,000)	(31,000)		(31,000)
Net cash used in capital and related financing activities . . . . .	<u>(673,822)</u>	<u>(673,822)</u>	<u>(4,254)</u>	<u>(678,076)</u>
Net increase in cash and cash equivalents . . . . .	242,260	242,260	440	242,700
Cash and cash equivalents at beginning of year . . . . .	184,436	184,436	31,688	216,124
Cash and cash equivalents at end of year . . . . .	<u>\$426,696</u>	<u>\$426,696</u>	<u>\$32,128</u>	<u>\$458,824</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

## **MORROW COUNTY, OHIO**

### **NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000**

#### **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 general purpose financial statements (GPFS) of the County have been prepared in conformity with generally accepted accounting principles (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 County, except for the Morrow County Hospital (the Hospital), applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The Hospital has elected to apply the provisions of all relevant pronouncements of the FASB, including those issued after November 30, 1989. The most significant of the County's accounting policies are described below.

##### **A. Reporting Entity**

The County's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity." The GPFS include all funds, account groups, agencies, boards, commissions, and component units for which the County and the County Commissioners are "accountable". Accountability as defined in GASB Statement No. 14 was evaluated based on financial accountability, the nature and significance of the potential component unit's (PCU) relationship with the County and whether exclusion would cause the County's GPFS to be misleading or incomplete. Among the factors considered were separate legal standing; appointment of a voting majority of PCU's board; fiscal dependency and whether a benefit or burden relationship exists; imposition of will; and the nature and significance of the PCU's relationship with the County.

## MORROW COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

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 Mental Retardation and Developmental Disabilities (the MRDD Board); the Childrens' Services Board; the Morrow County Hospital; and other departments and activities that are directly operated by the elected County officials.

Based on the foregoing criteria, the financial activities of the following PCUs have been reflected in the accompanying GPFS as follows:

#### ***DISCRETELY PRESENTED COMPONENT UNIT***

Whetstone Industries, Inc. - Whetstone Industries, Inc. (the Industries) is a legally separate, not-for-profit corporation, served by a self-appointing Board of Trustees. The Industries, under a contractual agreement with the MRDD Board, provides sheltered, transitional, and outside employment for mentally retarded or handicapped adults in Morrow County. The MRDD Board provides the Industries with available resources and staff for operation of the Industries. Based on the significant resources and services provided by the county to the Industries and the Industries sole purpose of providing assistance to retarded and handicapped adults of the County, the Industries is reflected as a discretely presented component unit of the County. It is reported separately to emphasize that it is legally separate from the County. Separately issued financial statements can be obtained from Whetstone Industries, Inc., Mt. Gilead, Ohio.

#### ***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 PCUs have been excluded from the County's GPFS, but the funds held on behalf of these PCUs in the County Treasury are included in the agency funds within the GPFS.

## MORROW COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

*Morrow County Soil and Water Conservation District*  
*Morrow County Disaster Services*  
*Morrow County Law Library*  
*Morrow County General Health District*

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

#### ***JOINTLY GOVERNED ORGANIZATION***

*County Risk Sharing Authority, Inc. (CORSA)* - CORSA is jointly governed by forty-one 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.

## MORROW COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

##### *JOINT VENTURE WITHOUT EQUITY INTEREST*

Delaware-Morrow Mental Health and Recovery Services Board - The Delaware-Morrow Mental Health and Recovery Services Board is a joint venture between Delaware and Morrow Counties. 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 mill district wide 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. Separate financial statements may be obtained by contracting the Delaware-Morrow Health and Recovery Services Board, 40 North Sandusky Street, Suite 301, Delaware, Ohio 43015.

#### **B. Basis of Presentation - Fund Accounting**

The County uses funds and account groups to report on their financial position and the results of their operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain County functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net available expendable financial resources.

## MORROW COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

For financial statement presentation purposes, the various funds of the County are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

#### **GOVERNMENTAL FUNDS**

Governmental funds are those through which most governmental functions of the County are financed. The acquisition, use, and balances of the County's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the County's governmental fund types:

*General Fund* - The general fund is used to account for all activities of the County not required to be included in another fund. The general fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

*Special Revenue Funds* - The special revenue funds are used to account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

*Debt Service Funds* - The debt service funds are used to account for the accumulation of financial resources for, and the payment of, general obligation long-term debt principal, interest and related costs.

*Capital Projects Funds* - The capital project 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 the proprietary funds).

## MORROW COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

##### PROPRIETARY FUNDS

Proprietary funds are used to account for the County's ongoing activities which are similar to those found in the private sector. The following is the County's proprietary fund type:

*Enterprise Funds* - The enterprise funds are used to account for operations financed and operated in a manner similar to private business enterprises. The intent of the County is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

##### FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The following are the County's fiduciary fund types:

*Trust and Agency Funds* - These funds include expendable trust funds and agency funds. The expendable trust funds are accounted for in essentially the same manner as governmental funds. The agency funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve the measurement of results of operations.

##### ACCOUNT GROUPS

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

*General Fixed Assets Account Group* - The general fixed assets account group is used to account for all general fixed assets of the County, other than those fixed assets accounted for in the proprietary funds.

*General Long-Term Obligations Account Group* - The general long-term obligations account group is used to account for all long-term obligations of the County, except those accounted for in the proprietary funds.



## MORROW COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

##### COMPONENT UNITS

*Component Units* - Component units are either legally separate organizations for which the elected officials of the County are not financially accountable, or legally separate organizations for which the nature and significance of its relationship with the County is such that exclusion would not cause the County's financial statement to be misleading or incomplete. The County considers Whetstone Industries, Inc. to be a separate discretely presented component unit of the County.

##### C. Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The modified accrual basis of accounting is followed for governmental, expendable trust and agency funds. Revenues are recognized in the period when measurable and available to meet obligations incurred during the year. The County defines measurable as meaning collectible within 60 days of year-end. This period is known as the available period. Revenues which are accrued include earnings on investments; fines and forfeitures; sales and use taxes; federal and state grants and entitlements; and charges for current services.

Deferred revenues, as reported on the combined balance sheet, arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Special assessments due at December 31, to the extent that they were not collected within the available period, are recorded as deferred revenue because they do not meet the availability criteria. Property taxes that are measurable as of December 31, 2000, but are intended to finance 2001 operations and delinquent property taxes, whose availability is indeterminable, have been recorded as deferred revenue to the extent the delinquent taxes were not collected within the available period.

## MORROW COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

Expenditures are recognized when the related liability is expected to be liquidated with expendable available financial resources with the following exceptions: general long term obligation principal and interest is reported only when paid, and the costs of accumulated unpaid vacation and sick leave are reported in the period due and payable rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The proprietary funds are accounted for on the accrual basis of accounting. The component unit is also accounted for using the accrual basis of accounting in accordance with Statement of Financial Accounting Standards Nos. 116 and 117. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Unbilled service charges receivable are recognized as revenue at year-end.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds and the component unit are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

#### **D. Budgetary Process**

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 appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated.

## MORROW COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

Budgetary information for the Industries and the Hospital are not reported because they are not included in the entity for which the “appropriated budget” is adopted.

##### Tax Budget

A budget of estimated revenues and expenditures 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 budget includes proposed expenditures and the means of financing for all funds. The express purpose of this budget document is to reflect the need for existing or increased tax rates.

##### Estimated Resources

The County Budget Commission reviews estimated revenues and determines if the budget substantiates a need to levy all or part of previously authorized taxes. 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 estimated beginning of year fund balance and projected revenue of each fund. Prior to December 31, the County must revise its budget so the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include the actual unencumbered fund balances from the preceding year. The certificate may be amended further during the year if the County Auditor determines, and the County Budget Commission agrees, that an estimate needs either to be increased or decreased. The amounts reported on the budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2000.

##### 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.

## MORROW COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

The allocation of appropriations among departments and objects within a fund 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. The budget figures which appear on the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

#### Budgeted Level of Expenditures

Administrative control is maintained through the establishment of detailed line-item budgets. The legal level of budgetary control is at the object level within each department. Expenditures plus encumbrances may not legally exceed appropriations at the legal level of budgetary control. Appropriations are made to fund, department, and object level (i.e., general fund - Commissioners - salaries, supplies, equipment, contract repairs and services, travel, and other expenses). Advances-in and advances-out are not required to be budgeted since they represent a short-term cash flow resource and are intended to be repaid.

#### Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies, are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that the portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year-end are reported as reservations of fund balances for subsequent-year expenditures for governmental and expendable trust funds.

#### 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 fiscal year and is not reappropriated.

## MORROW COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

##### **E. Notes Receivable**

Notes receivable represent the right to receive repayment for certain loans made by the County. These loans are based upon written agreements between the County and the various loan recipients.

##### **F. Cash and Investments**

To improve cash management, cash received by the County is pooled. Monies for all funds, including proprietary 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 combined balance sheet.

During fiscal year 2000, investments were limited to certificates of deposit, U.S. Government Securities, U.S. Treasury Notes and Bonds, and investments in the State Treasurer's Investment Pool (STAR Ohio).

Investments in nonparticipating interest-earning investment contracts, such as certificates of deposit, are reported at cost. All other investments are reported at fair market value.

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 fiscal 2000 amounted to \$601,894 which includes \$533,144 assigned from other County funds.

The County has segregated bank accounts for monies held separate from the County's central bank account. These interest bearing depository accounts are presented on the combined balance sheet as "Cash in Segregated Accounts" and "Investments in Segregated Accounts" since they are not required to be deposited into the County treasury.

For purpose of the combined statement of cash flows and for presentation on the combined balance sheet, 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. Investments with an initial maturity of more than three months are reported as investments.

## MORROW COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

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

#### **G. Inventories of Materials and Supplies**

Inventories of materials and supplies of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The costs of inventory items are recognized as expenditures in governmental funds when purchased and as expenses in the proprietary funds when used. The total of inventories at year-end is reported as a reservation of fund balance in the governmental funds because it does not represent available, spendable resources.

#### **H. Property, Plant, Equipment, and Depreciation**

The fixed asset values were initially determined at December 31, 1996, assigning original acquisition costs when such information was available. In cases where information supporting original costs was not available, estimated historical costs were developed. For certain fixed assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition. Donated fixed assets are capitalized at their fair market value on the date donated.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements which extend the useful life or increase the capacity or operating efficiency of the asset are capitalized at cost.

##### *1. General Fixed Assets Account Group*

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and disposals during the year in the general fixed assets account group. Contributed fixed assets are recorded at their fair market values as of the date donated. The County follows a policy of not capitalizing infrastructure, which is defined as assets that are immovable and of value only to the County, (i.e. roads, bridges, etc.), ornamental artifacts, or any asset with a cost of less than \$500. No depreciation is recognized for assets in the account group. Interest on debt issued to construct general fixed assets is not capitalized in the account group.

**MORROW COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

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

*2. Enterprise Funds*

Property, plant, and equipment reflected in the enterprise funds are stated at cost (or estimated historical) and updated for the cost of additions and disposals during the year. Contributed fixed assets are recorded at their fair market value as of the date donated. Depreciation and amortization have been provided on a straight-line basis over the following estimated useful lives:

<u>Description</u>	<u>Estimated Life</u>
Land Improvements	5-25 years
Equipment	10-50 years
Sewer Lines	50 years

The County also capitalizes the cost of major renovations which extend the useful life of an asset or which enable it to perform new or more valuable services. Interest on tax exempt debt issued to construct enterprise fund fixed assets is capitalized, net of interest earned on the proceeds of such debt.

**I. Compensated Absences**

Compensated absences of the County consist of vacation leave and sick leave to the extent that payment to the employee for these absences is attributable to services already rendered and are 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 sick leave is based on the sick leave accumulated at the balance sheet date 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 after fifteen years of service with the County or over fifty-five years of age.

## MORROW COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

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

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The non-current portion of vacation and sick leave accumulated by governmental fund type employees has been recorded in the general long-term obligations account group because it will not be liquidated with expendable, available resources. General long-term obligations are not limited to liabilities arising from debt issuances, but may also include non-current liabilities and other commitments that are not current liabilities properly recorded in governmental funds. Vacation and sick leave for governmental fund type employees is recognized as an expenditure when used. Vacation and sick leave in the proprietary fund types is recorded as an expense when earned, and the liability for unused amounts is shown as a fund liability.

#### **J. Intergovernmental Revenues**

Unrestricted intergovernmental revenues received on the basis of entitlement are recorded as receivables and revenues when the entitlement occurs. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants for proprietary fund operations are recognized as revenue when measurable and earned.

#### **K. Long-Term Obligations**

Long-term obligations for general obligation bonds, Engineers Vehicle loans, Ohio Water Development Authority (OWDA) loans, special assessment notes payable, vested sick and vacation leave and capital lease obligations that are expected to be paid from the governmental funds are shown in the general long-term obligations account group, while those expected to be paid from proprietary funds are shown as a liability of those funds.



## MORROW COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

Under Ohio law, a debt retirement fund must be created and used for the payment of all debt principal and interest. GAAP requires the allocation of the debt liability among the capital projects and enterprise funds, and the general long-term obligations account group, with principal and interest payments on matured general obligation long-term debt being reported in the debt service fund. To comply with GAAP reporting requirements, the County's debt retirement fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

#### L. Interfund Transactions

During the course of normal operations, the County has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund. Quasi-external transactions are accounted for as revenues, expenditures or expenses.
3. Short-term interfund balances, related to charges for goods and services rendered, are reflected as "due to/from other funds".
4. Short-term interfund loans, accrued interfund reimbursements and accrued operating transfers are reflected as "interfund loans receivable/payable." The County had no interfund loans receivable or payable at December 31, 2000.
5. Long-term interfund loans that will be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources. The County had no long-term advances at December 31, 2000.

See Note 5 for an analysis of the County's interfund transactions.

## MORROW COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

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

##### **M. Fund Balance Reserves**

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or use. The unreserved portions of fund equity reflected in the governmental funds are available for use within the specific purposes of the funds.

The County reports amounts representing material and supply inventories, prepayments, encumbrances outstanding, debt service, and notes receivable as reservations of fund balance in the governmental funds.

##### **N. Prepayments**

Prepayments for governmental funds represent cash disbursements that are not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefitting from the advance payment. At year-end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

##### **O. Net Patient Service Revenue**

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its 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. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

**MORROW COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

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

**P. Estimates**

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

**Q. Contributed Capital**

Contributed capital represents grants restricted for capital construction. These assets are recorded at their fair market value on the date contributed and are not subject to repayment. Depreciation on those proprietary fund type assets acquired or constructed with contributed resources is expensed and closed to contributed capital at year-end.

**R. Total Columns on General Purpose Financial Statements**

Total columns on the GPFS are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with GAAP. Neither is such data comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**Fund Deficits**

The following funds had a deficit fund balance as of December 31, 2000:

	<u>Deficit Balance</u>
<u>Special Revenue Funds</u>	
Job and Family Services	\$153,752
Inmate Commissary	4,914
Children Services	31,492
<u>Capital Projects Funds</u>	
Social Services Bond Retirement	410,077
Children and Family Center	141,637

## MORROW COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

#### **NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

These funds complied with Ohio state law, which does not permit a cash basis deficit at year-end.

The deficit fund balances in the Job and Family Services and Children Services special revenue funds are due to the application of GAAP in the reporting of accrued wages and benefits, accounts payable, compensated absences and due to other governments at December 31 as a fund liability. This deficit balances will be eliminated by anticipated future revenues or other subsidies not recognized and recorded at December 31.

The deficit fund balance in the Inmate Commissary special revenue fund is due to the application of GAAP in the reporting of accounts payable at December 31 as a fund liability. This deficit balance will be eliminated by anticipated future revenues or other subsidies not recognized and recorded at December 31.

The deficit fund balance in the Social Services Bond Retirement capital projects fund is primarily due to the reporting of tax anticipation notes and related accrued interest payable as a liability in the fund which received the proceeds. This deficit fund balance will be alleviated as resources are collected to pay off the notes.

The deficit fund balance in the Children and Family Center capital projects is a result of the application of GAAP, namely in the recognition of a liability of due to other funds. This deficit balance will be eliminated once resources become available to repay the liability.

## MORROW COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

#### NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS

##### A. Primary Government

Moneys held by the County are classified by State Statute into two categories. Active moneys are public moneys determined to be necessary to meet current demand upon the County treasury. Active moneys 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.

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, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

Moneys held by the County which are not considered active are classified as inactive. Inactive moneys 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, Government National Mortgage Association, and Student Loan Marketing 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 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;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the County;

## MORROW COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

#### NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

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 division (1) or (2) 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 (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value;
9. High grade commercial paper for a period not to exceed 180 days and in an amount not to exceed twenty-five percent of the County's total average portfolio; and
10. Bankers acceptances for a period not to exceed 180 days and in an amount not to exceed twenty-five percent of the County's total average portfolio.

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

*Cash on Hand:* At year-end, the County had \$34,367 in undeposited cash on hand which is included on the combined balance sheet of the County as part of "Equity in Pooled Cash and Cash Equivalents."

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

**MORROW COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

*Deposits:* At year-end, the carrying amount of the County’s deposits, including nonnegotiable certificates of deposit, was \$10,596,042 and the bank balance was \$11,429,650. Of the bank balance:

1. \$1,162,053 was covered by federal depository insurance; and
2. \$10,267,597 was uninsured and uncollateralized as defined by GASB even though it was covered by collateral held by third party trustees pursuant to Section 135.81, Ohio Revised Code, in single institution collateral pools securing all public funds on deposit with specific depository institutions. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

*Investments:* The County’s investments are required to be categorized to give an indication of the level of risk assumed by the County at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the County or its agent in the County’s name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty’s trust department or agent in the County’s name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the County’s name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	<u>1</u>	Category <u>2</u>	<u>3</u>	<u>Fair Value</u>
U.S. Government Securities	\$1,057,273	\$ - - -	\$ - - -	\$1,057,273
U.S. Treasury Notes and Bonds	<u>35,000</u>	<u>- - -</u>	<u>- - -</u>	35,000
	<u>\$1,092,273</u>	<u>\$ - - -</u>	<u>\$ - - -</u>	
Investment in STAR Ohio				<u>4,846,732</u>
Total Investments				<u>\$5,939,005</u>

**MORROW COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on December 31, 2000.

A reconciliation between the classifications of cash and cash equivalents and investments on the combined balance sheet and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$15,477,141	\$1,092,273
Cash on Hand	(34,367)	---
Investments of the Cash Management Pool:		
Investment in STAR Ohio	<u>(4,846,732)</u>	<u>4,846,732</u>
GASB Statement No. 3	<u>\$10,596,042</u>	<u>\$5,939,005</u>

**B. Component Unit**

At December 31, 2000, the carrying amount of the component unit’s demand deposits, including a nonnegotiable certificate of deposit, was \$41,628 and the bank balance was \$42,741. The entire bank balance was covered by FDIC. In accordance with GASB Statement No. 9, the certificate of deposit is reported as an “Investment in Segregated Accounts” on the combined balance sheet since the maturity is greater than ninety days from the date of purchase. In addition, the component unit has \$500 of undeposited cash on hand which is included in “Cash in Segregated Accounts”. There are no statutory guidelines regarding the deposit and investment of funds by a not-for-profit corporation.



**MORROW COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

**NOTE 5 - INTERFUND TRANSACTIONS**

A. The following is a summarized breakdown of the County's operating transfers for 2000:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ - - -	\$145,229
<u>Special Revenue Funds</u>		
Motor Vehicle and Gas Tax	- - -	185,283
<u>Debt Service Funds</u>		
Motor Vehicle Bond Retirement	185,283	- - -
Jail Bond Retirement	<u>145,229</u>	<u>- - -</u>
Total	<u>\$330,512</u>	<u>\$330,512</u>

**MORROW COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

**B.** Interfund balances, related to charges for goods and services rendered, at December 31, 2000, consist of the following amounts due to and due from other funds:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 9,679	\$ 16,091
<u>Special Revenue Funds</u>		
Motor Vehicle and Gas Tax	2,172	---
Youth Service Subsidy Grant	1,295	---
Whetstone	14,825	878
Job and Family Services	---	2,496
Enterprise Zone Fees	---	261
Burns Memorial Grant	---	4,764
Morrow County Transit	---	14,271
Grant Court Support	---	1,280
Dog and Kennel	3,780	---
Marriage Licenses	509	---
Indigent Guardianship	290	---
Certificate of Title	4,136	---
OMVI	805	---
Court Computerization	<u>3,469</u>	<u>---</u>
Total Special Revenue	<u>31,281</u>	<u>23,950</u>
<u>Debt Service Funds</u>		
MRDD Health Bond Retirement	213,696	---
<u>Capital Projects Funds</u>		
County Court Special Projects	6,655	---
Children and Family Center	<u>---</u>	<u>213,696</u>
Total Capital Projects	<u>6,655</u>	<u>213,696</u>

**MORROW COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
<u>Agency Funds</u>		
County Court	\$ ---	\$ 9,580
Council for Governments	---	554
County Highway Maintenance and Repair	<u>2,560</u>	<u>---</u>
Total Agency	<u>2,560</u>	<u>10,134</u>
 Total	 <u>\$263,871</u>	 <u>\$263,871</u>

**NOTE 6 - PROPERTY TAXES**

Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the County. Real property taxes and public utility taxes are levied after October 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by state law at 35% of appraised market value. Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at true value (normally 50% of cost). Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The assessed value upon which the 2000 taxes were collected was \$435,675,560. The full tax rate for all County operations applied to real property for fiscal year ended December 31, 2000, was \$17.10 per \$1,000 of assessed valuation.

**MORROW COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

**NOTE 6 - PROPERTY TAXES - (Continued)**

The assessed values of real and tangible personal property upon which 2000 property tax receipts were based are as follows:

<u>Real Property</u>	
Agricultural/Residential	\$341,257,990
Commercial/Industrial/Mineral	31,043,350
Tangible Personal Property	25,871,080
Public Utility	<u>37,503,140</u>
Total Assessed Value	<u>\$435,675,560</u>

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 and the remainder payable by June 20. Under certain circumstances, state statute permits earlier or later payment dates to be established.

The County Treasurer collects property tax on behalf of all taxing districts within the County. The 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.

Tangible personal property taxes for unincorporated and single county businesses are due semi-annually, with the first payment due April 30 and the remainder payable by September 20. Due dates are normally extended an additional 30 days. The due date for the entire tax for inter-county businesses is September 20 or the extended date. The first \$10,000 of taxable value is exempt from taxation for each business by state law. The lien date is either December 31 or the end of their fiscal year (for incorporated businesses in operation more than one year). Since each business must file a return to the County Auditor, the tangible personal taxes are not known until all the returns are received.

"Real and Other Taxes" receivable represents delinquent real and tangible personal property and public utility taxes outstanding as of the last settlement (net of allowances for estimated uncollectibles) and real and public utility taxes which were measurable as of the year-end.

## MORROW COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

#### **NOTE 6 - PROPERTY TAXES - (Continued)**

Since the current levy is not intended to finance 2000 operations, the receivable is offset by a credit to "Deferred Revenue". The delinquent real, public utility and tangible personal property taxes that will become available to the County within the first 60 days of 2001 are shown as 2000 revenue; the remainder is shown as "Deferred Revenue".

The eventual collection of significantly all real and public utility property taxes (both current and delinquent) is reasonably assured due to the County's ability to force foreclosure of the properties on which the taxes are levied.

#### **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 Auditor the amount of the tax to be returned to the County. The Tax Commissioner's certification must be made within forty-five days after the end of each month. The State Auditor then has five days in which to draw the warrant payable to the County.

Proceeds of the tax are credited entirely to the general fund. Amounts that are measurable and available at year-end are accrued as revenue. Sales and use tax for 2000 amounted to \$2,289,607.

#### **NOTE 8 - RECEIVABLES**

Receivables at December 31, 2000, consisted of taxes, accrued interest, notes, accounts (billings for user charged services), special assessments, interfund transactions related to charges for goods and services rendered, and intergovernmental receivables arising from grants, entitlements and shared revenue. All intergovernmental receivables have been classified as "Due From Other Governments" on the combined balance sheet and all interfund transactions related to charges for goods and services rendered have been classified as "Due From Other Funds" on the combined balance sheet. Receivables have been recorded to the extent that they are both measurable and available at December 31, 2000, as well as intended to finance fiscal 2001 operations. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds.

**MORROW COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

**NOTE 8 - RECEIVABLES - (Continued)**

A summary of the principal items of receivables follows:

<u>Fund/Description</u>	<u>Amount</u>
<u>General Fund</u>	
Sales taxes	\$ 368,226
Real and other taxes	1,413,354
Accounts	58,808
Accrued interest	65,687
Due from other funds	9,679
Intergovernmental	155,639
<u>Special Revenue Funds</u>	
Real and other taxes	2,779,607
Accounts	29,221
Accrued interest	345
Due from other funds	31,281
Intergovernmental	344,443
Notes	192,938
<u>Debt Service Funds</u>	
Special assessments	64,408
Due from other funds	213,696
<u>Capital Projects Funds</u>	
Accrued interest	20,353
Due from other funds	6,655
<u>Enterprise Funds</u>	
Accounts	3,312,549
Accrued interest	733
Notes	172,525
<u>Agency Funds</u>	
Special assessments	64,408
Real and other taxes	15,728,713
Accounts	589
Due from other funds	2,560
Intergovernmental	472,455

**MORROW COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000

**NOTE 9 - NOTES RECEIVABLE**

A summary of the changes in notes receivable reported in the special revenue funds during 2000 follows:

	<u>Balance at</u> <u>12/31/99</u>	<u>Loans</u> <u>Issued</u>	<u>Principal</u> <u>Received</u>	<u>Balance at</u> <u>12/31/00</u>
<u>Special Revenue Funds</u>				
Community Development Block Grant Commercial Loans	\$ 73,411	\$31,315	\$(10,311)	\$ 94,415
Water/Sewer Revolving Loans	45,038	20,413	(9,751)	55,700
Rural Hardship Revolving Loans	<u>30,780</u>	<u>17,059</u>	<u>(5,016)</u>	<u>42,823</u>
	<u>\$149,229</u>	<u>\$68,787</u>	<u>\$(25,078)</u>	<u>\$192,938</u>

**NOTE 10 - RESTRICTED ASSETS**

Assets whose use is limited consists of invested funds securing bank debt and invested funds designated by the Hospital's Board of Trustees for the replacement, improvement, and expansion of the Hospital's facilities. Investments consist principally of U.S. Government Securities and are recorded at cost which approximates market. The composition of assets whose use is limited at December 31, 2000, is set forth in the following table:

Board Restricted for capital improvements:	
Accrued interest receivable	\$ 14,162
Investments	<u>1,057,273</u>
	<u>\$1,071,435</u>

**MORROW COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000

**NOTE 11 - FIXED ASSETS**

**A. Enterprise Fund Fixed Assets**

A summary of the enterprise fund fixed assets at December 31, 2000 is as follows:

Land and improvements	\$ 458,003
Buildings	3,794,052
Equipment	9,048,545
Construction in progress	502,556
Sewer lines	<u>256,370</u>
Total gross assets	14,059,526
Less: accumulated depreciation	<u>(7,416,209)</u>
 Total net assets	 <u><u>\$ 6,643,317</u></u>

**B. General Fixed Assets**

A summary of the changes in the general fixed assets account group during the fiscal year follows:

	<u>Balance at</u> <u>12/31/99</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at</u> <u>12/31/00</u>
Land	\$ 510,544	\$ 84,904	\$ ---	\$ 595,448
Land improvements	145,697	---	---	145,697
Buildings	4,083,005	---	---	4,083,005
Building improvements	973,497	---	---	973,497
Furniture, fixtures and equipment	2,699,712	80,226	(10,102)	2,769,836
Vehicles	3,301,494	348,150	---	3,649,644
Construction in progress	<u>0</u>	<u>218,627</u>	<u>---</u>	<u>218,627</u>
 Total	 <u><u>\$11,713,949</u></u>	 <u><u>\$731,907</u></u>	 <u><u>\$(10,102)</u></u>	 <u><u>\$12,435,754</u></u>



**MORROW COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000

**NOTE 12 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

- A. During fiscal year 1999, the County entered into a capital lease for the acquisition of an asphalt roller. This lease meets the criteria of a capital lease as defined by FASB Statement No. 13, “Accounting for Leases”, which defines a capital lease as one which transfers benefits and risks of ownership to the lessee.

This equipment has been capitalized in the general fixed assets account group in the amount of \$73,524. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal and interest payments for fiscal year 2000 were \$13,038 and \$4,426, respectively. These amounts are reported as debt service expenditures in the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2000:

<u>Fiscal Year Ending December 31,</u>	<u>Amount</u>
2001	\$17,464
2002	17,464
2003	17,464
2004	<u>17,463</u>
Total	69,855
Less: amount representing interest	<u>(9,369)</u>
Present value of net minimum lease payments	<u>\$60,486</u>

- B. At December 31, 2000, the Hospital has capital leases for a computer hardware and software system and the CT scanner system. The obligations under these capital leases have been recorded at the present value of future minimum lease payments, discounted at appropriate interest rates. The capitalized costs of \$1,523,480 less accumulated depreciation of \$289,304 are included in property and equipment, in the accompanying combined financial statements. The liability for the obligation under capital lease at December 31, 2000 was \$1,248,344.

**MORROW COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

**NOTE 13 - OPERATING LEASES - LESSEE DISCLOSURE**

- A.** The Hospital has entered into an operating lease agreement for medical equipment. Future minimum lease payments are as follows:

<u>Fiscal Year Ending December 31,</u>	<u>Amount</u>
2001	\$13,188
2002	21,372
2003	21,372
2004	21,372
2005	<u>8,488</u>
Total minimum lease payments	<u>\$85,792</u>

- B.** Whetstone Industries has entered into an operating lease agreement for store space located in Mt. Gilead, Ohio for its basket weaving activities. The terms of the lease require the Industries to make monthly payments of \$500 until July 31, 2001, the termination date of the lease. The Industries has the option to renew the lease for an additional two years. The Industries also leases facilities located in Edison, Ohio for its recycling activities. The terms of the lease require the Industries to make monthly payments of \$750 until October 31, 2005, the termination date of the lease. Lease expense for 2000 amounted to \$15,000. Future minimum lease payments are as follows:

<u>Fiscal Year Ending December 31,</u>	<u>Amount</u>
2001	\$12,500
2002	9,000
2003	9,000
2004	9,000
2005	<u>7,500</u>
Total minimum lease payments	<u>\$47,000</u>

## MORROW COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

#### **NOTE 14 - COMPENSATED ABSENCES LIABILITY**

Vacation and sick leave accumulated by governmental fund type employees has been recorded in the general long-term obligations account group. Vacation 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 to be taken within one year of the employee's anniversary date. In certain cases, 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. Sick leave is accumulated at the rate of .0575/hour for every hour worked. Upon retirement, employees with ten years of service are entitled to 25 percent of their accumulated sick leave up to a maximum of 30 days. At December 31, 2000 vested benefits for vacation leave for governmental fund type employees totaled \$378,134 and vested benefits for sick leave totaled \$44,214. In accordance with GASB Statement No. 16, an additional liability of \$77,750 was accrued to record termination (severance) payments expected to become eligible to retire in the future for the governmental fund type employees.

**MORROW COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000

**NOTE 15 - LONG-TERM OBLIGATIONS**

**A. General Long-Term Obligations**

The changes in the County's long-term obligations during 2000 consisted of the following:

	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Balance at 12/31/99</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 12/31/00</u>
<b>General Obligation Bonds:</b>						
Jail Bond Retirement	2013	4.875%	\$1,070,000	\$ ---	\$ (98,822)	\$ 971,178
MRDD Building Bonds	2011	6-2 - 7.95%	<u>355,000</u>	<u>---</u>	<u>(20,000)</u>	<u>335,000</u>
<b>Total General Obligation Bonds</b>			<b><u>\$1,425,000</u></b>	<b><u>\$ ---</u></b>	<b><u>\$(118,822)</u></b>	<b><u>\$1,306,178</u></b>
<b>Loans Payable:</b>						
Engineers Vehicles #3	2001	6.00%	\$ 52,891	\$ ---	\$ (26,445)	\$ 26,446
Engineers Vehicles #4	2002	5.75%	64,350	---	(21,450)	42,900
Engineers Vehicles #5	2003	5.513%	134,724	---	(33,681)	101,043
Engineers Vehicles #6	2004	5.44%	75,122	---	(18,780)	56,342
Engineers Vehicles #7	2005	4.90%	211,078	---	(42,216)	168,862
Engineers Vehicles #9	2005	5.90%	<u>0</u>	<u>213,172</u>	<u>---</u>	<u>213,172</u>
<b>Total Loans Payable</b>			<b><u>\$ 538,165</u></b>	<b><u>\$213,172</u></b>	<b><u>\$(142,572)</u></b>	<b><u>\$ 608,765</u></b>
OWDA Loans Payable	2011	7.50%	<u>\$ 106,204</u>	<u>\$ ---</u>	<u>\$ (6,148)</u>	<u>\$ 100,056</u>
Special Assessment Note Payable	2005	6.00%	<u>\$ ---</u>	<u>\$150,000</u>	<u>\$ (14,758)</u>	<u>\$ 135,242</u>
<b>Other Long-Term Obligations:</b>						
Compenated Absences Payable			\$ 395,767	\$104,331	\$ ---	\$ 500,098
Capital Lease Payable			<u>73,524</u>	<u>---</u>	<u>(13,038)</u>	<u>60,486</u>
<b>Total Other Long-Term Obligations</b>			<b><u>\$ 469,291</u></b>	<b><u>\$104,331</u></b>	<b><u>\$ (13,038)</u></b>	<b><u>\$ 560,584</u></b>
<b>Total General Long-Term Obligations</b>			<b><u>\$2,538,660</u></b>	<b><u>\$467,503</u></b>	<b><u>\$(295,338)</u></b>	<b><u>\$2,710,825</u></b>

***General Obligation Bonds:*** The general obligation bonds are supported by the full faith and credit of the County. The bonds were issued to provide resources for building renovations and improvements including energy conservation measures. These bonds are being retired through rental charges and other County operating sources.

**MORROW COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000

**NOTE 15 - LONG-TERM OBLIGATIONS - (Continued)**

Loans Payable: Loans payable consist of money owed to the Ohio Water Development Authority for construction a sanitary sewer from the City of Galion to the Ketterman Subdivision and bank loans for vehicles used by the County’s Engineer’s Office. These loans are retired through the debt service with transfers from the motor vehicle gas tax special revenue fund. OWDA loans will be paid from the Ketterman debt service fund. The loans for the engineers vehicles will be paid from the motor vehicle bond retirement debt service fund.

Special Assessment Note: On July 17, 2000, the County issued a note for the purpose of obtaining 911 equipment. The note is payable as to principal and interest solely from 911 property tax assessments and other receipts. The special assessments are receipted into the 911 Note Retirement debt service fund and the subsequent principal and interest payments are made from this fund. In the event that special assessments are not sufficient to pay the annual principal and interest payments, the County is responsible for providing the resources to meet the payments as the full faith and credit of the County has been pledged for repayment.

Compensated Absences: Sick leave and vacation benefits are presented net of actual increases and decreases because of the practicality of determining these values. The benefits will be paid from the fund from which the person is paid.

Future Debt Service Requirements: The following is a summary of the County's future annual debt service principal and interest requirements for general long-term obligations:

Year Ended	General Obligation Bonds			Engineers Vehicle Loans		
	Principal	Interest	Total	Principal	Interest	Total
2001	\$ 142,000	\$ 65,036	\$ 207,036	\$185,207	\$28,304	\$213,511
2002	96,000	59,095	155,095	158,761	19,212	177,973
2003	99,000	54,250	153,250	137,311	10,805	148,116
2004	102,000	49,234	151,234	84,850	4,290	89,140
2005	111,000	43,661	154,661	42,636	1,258	43,894
2006 - 2010	641,000	122,713	763,713	---	---	---
2011 - 2012	<u>115,178</u>	<u>2,340</u>	<u>117,518</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total	<u>\$1,306,178</u>	<u>\$396,329</u>	<u>\$1,702,507</u>	<u>\$608,765</u>	<u>\$63,869</u>	<u>\$672,634</u>

**MORROW COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000

**NOTE 15 - LONG TERM OBLIGATIONS - (Continued)**

<u>Year Ended</u>	<u>OWDA Loan</u>			<u>Special Assessment Note</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$ 6,609	\$ 7,504	\$ 14,113	\$ 26,987	\$ 7,813	\$ 34,800
2002	7,104	7,009	14,113	28,652	6,148	34,800
2003	7,637	6,476	14,113	30,419	4,381	34,800
2004	8,210	5,903	14,113	32,296	2,505	34,801
2005	8,826	5,287	14,113	16,888	513	17,401
2006 - 2010	55,106	15,458	70,564	---	---	---
2011	<u>6,564</u>	<u>492</u>	<u>7,056</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total	<u>\$100,056</u>	<u>\$48,129</u>	<u>\$148,185</u>	<u>\$135,242</u>	<u>\$21,360</u>	<u>\$156,602</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 net in excess of \$300,000,000, plus two and one-half percent of such valuation in excess of \$300,000,000. Based on this calculation, the County's legal debt margin was \$8,540,507 as of December 31, 2000.

**C. Enterprise Fund Obligations**

The County had the following capital lease payable, revenue notes and installment loans payable outstanding at year end related to enterprise fund operations:

	<u>Interest Rate</u>	<u>Balance at 12/31/99</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 12/31/00</u>
Capital Lease Payable		\$ 557,715	\$838,700	\$(148,071)	\$1,248,344
Deed Restriction on Land		12,000	---	---	12,000
Hospital Facilities Revenue Notes	5.90%	<u>432,000</u>	<u>---</u>	<u>(76,540)</u>	<u>355,460</u>
Total Enterprise Fund Obligations		<u>\$1,001,715</u>	<u>\$838,700</u>	<u>\$(224,611)</u>	<u>\$1,615,804</u>

MORROW COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000

NOTE 15 - LONG TERM OBLIGATIONS - (Continued)

*Capital Leases Payable:* Capital lease obligation represents the leases entered into for a computer and hardware system and a CT scanner for the Hospital. The leases are being retired from Hospital operating revenue.

*Deed Restriction on Land:* The Hospital has a deed restriction of \$12,000 for a donation of land. Payment is based on fulfillment of physician contract and disposal of land by the Hospital Foundation. Land is restricted for use of medical buildings and is unsecured.

*Hospital Facilities Refunding Revenue Note:* The Hospital Facilities Refunding Revenue Notes were issued for a five year period and will mature December 1, 2005. The notes will be retired from Hospital operating revenue.

The following is a summary of the future debt service requirements of the hospital:

<u>Fiscal Year Ending December 31,</u>	<u>Amount</u>
2001	\$ 81,180
2002	86,101
2003	91,321
2004	96,858
2005	- - -
Thereafter	<u>12,000</u>
Total	<u>\$367,460</u>

The \$12,000 reported in the future debt service requirements represents the deed restriction on the land. This is reported as a separate liability from the Hospital Facilities Refunding Revenue Note on the combined financial statements.

- D. In 1999, the Hospital entered into a line of credit agreement with First-Knox Bank with a maximum line of \$433,000 at an interest rate of prime, or 9.50% at December 31, 2000. The Hospital had a zero balance in the line of credit at December 31, 2000. The line of credit matures on August 16, 2001. The agreement requires that the principal plus all accrued interest be paid on the maturity date.

**MORROW COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000

**NOTE 15 - LONG TERM OBLIGATIONS - (Continued)**

E. The Industries had the following notes payable to First-Knox National Bank outstanding at December 31, 2000:

<u>Balance at</u> <u>12/31/00</u>	<u>Interest</u> <u>Rates</u>	<u>Maturity</u> <u>Date</u>	<u>Monthly</u> <u>Payment</u>
\$1,409	8.75%	8/20/01	\$190
<u>2,017</u>	Prime	4/26/02	127
 <u>\$3,426</u>			

The following is a summary of the Industries future debt service requirements:

<u>Fiscal Year Ending December 31,</u>	<u>Amount</u>
2001	\$2,823
2002	<u>603</u>
 Total	 <u>\$3,426</u>

**NOTE 16 - BOND ANTICIPATION NOTE PAYABLE**

The County had the following bond anticipation note activity during fiscal year 2000 in the capital projects funds. Bond anticipation notes are reported as a liability in the Social Services Bond Retirement capital projects fund, the fund that received the proceeds.

	<u>Issue</u> <u>Date</u>	<u>Maturity</u> <u>Date</u>	<u>Balance</u> <u>Outstanding</u> <u>12/31/99</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>Outstanding</u> <u>12/31/00</u>
Social Services Building - 4.150%	9/27/99	9/27/00	\$3,740,000	\$ ---	\$(3,740,000)	\$ ---
Social Services Building - 4.82%	9/7/00	9/6/01	<u>---</u>	<u>3,895,000</u>	<u>---</u>	<u>3,895,000</u>
Total			<u>\$3,740,000</u>	<u>\$3,895,000</u>	<u>\$(3,740,000)</u>	<u>\$3,895,000</u>



**MORROW COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000**

**NOTE 17 - NET PATIENT SERVICE REVENUE AND CHARITY CARE**

The Hospital provides services to certain patients covered by various third party payor arrangements that provide for payments to the Hospital at amounts different than its established rates. Gross patient service revenues and the allowances to reconcile to net patient services revenue for the year ended December 31, 2000 are as follows:

	<u>2000</u>
Gross patient service revenue	\$19,645,703
Less contractual allowances:	
Medicare	3,426,718
Medicaid and other	<u>1,853,152</u>
Total contractual allowances	<u>5,279,870</u>
Net patient service revenue	<u><u>\$14,365,833</u></u>

The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under the charity care policy. Charity care, based on estimated rates, totaled approximately \$83,665 during the year ended December 31, 2000.

**NOTE 18 - MEDICARE AND MEDICAID THIRD PARTY SETTLEMENTS**

Reimbursement for Medicare and Medicaid patients is subject to audit and final settlement by the respective intermediaries. At December 31, 2000, final settlements have been reached with Medicare through 1997 and with Medicaid through 1996. The liability amount of \$77,567 reported on the combined balance sheet represents the estimated settlements outstanding at December 31, 2000, which Hospital management believes will approximate final settlements after audit by the respective agencies.

## MORROW COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

#### NOTE 19 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The County maintains two enterprise funds, the Ketterman Sewer fund and Morrow County Hospital fund which are intended to be self-supporting through user fees charged for services. In addition, the County reports the activity of Whetstone Industries, Inc. as a discretely presented component unit. Financial information for the year-ended December 31, 2000, is as follows:

	<u>Ketterman Sewer</u>	<u>Morrow County Hospital</u>	<u>Total Primary Government</u>	<u>Component Unit</u>	<u>Total Reporting Entity</u>
Operating revenue	\$33,982	\$15,297,332	\$15,331,314	\$1,514,135	\$16,845,449
Operating expenses before depreciation	34,127	14,990,593	15,024,720	1,455,864	16,480,584
Depreciation expense	5,127	788,203	793,330	1,028	794,358
Operating income (loss)	(5,272)	(481,464)	(486,736)	57,243	(429,493)
Net income (loss)	(2,809)	(349,534)	(352,343)	57,243	(295,100)
Property, plant and equipment (net of accumulated depreciation)	240,989	6,402,328	6,643,317	3,600	6,646,917
Net working capital	90,833	2,334,103	2,424,936	91,832	2,516,768
Total assets	331,822	11,817,857	12,149,679	124,225	12,273,904
Total liabilities	---	3,147,460	3,147,460	28,563	3,176,023
Retained earnings	122,861	8,670,397	8,793,258	95,662	8,888,920
Contributed capital	208,961	---	208,961	---	208,961
Total equity	331,822	8,670,397	9,002,219	95,662	9,097,881

#### NOTE 20 - 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.

**MORROW COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000

**NOTE 20 - RISK MANAGEMENT - (Continued)**

During 2000, 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 are as follows:

	<u>Amount</u>
General Liability (per occurrence)	\$3,000,000
Law Enforcement Liability (per occurrence)	3,000,000
Automobile Liability and Physical Damage Liability (per occurrence)	3,000,000
Medical Payments	
Per Person	5,000
Per Occurrence	50,000
Uninsured Motorist (per person)	250,000
Physical Damage	
	Actual Cost
Flood and Earthquake (pool limit)	100,000,000
Other Property Insurance:	
Extra Expense	1,000,000
EDP Media	Replacement Cost
Contractors' Equipment	Actual Cash Value
Valuable Papers and Records	1,000,000
Inland Marine	Actual Cash Value
Automatic Acquisition	3,000,000
Motor Truck Cargo	100,000
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
Boiler and Machinery	100,000,000
Public Officials (per occurrence)	1,000,000
Umbrella (per occurrence)	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.

## MORROW COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

#### **NOTE 20 - RISK MANAGEMENT - (Continued)**

##### **B. Malpractice and General Patient Liability Insurance**

The Hospital is at all time subject to pending and threatened legal actions which arise in the normal course of its activities. The Hospital purchases, through a commercial carrier, professional liability insurance on an occurrence basis without co-insurance. This insurance is subject to deductibles and covers claims up to specified policy limits per medical incident and in the aggregate.

##### **C. Hospital Self-Insurance Program**

Effective June 1, 1990, the Hospital began participating in a self-funded health and dental insurance plan. In addition, the Hospital purchases stop-loss insurance that provides coverage of claims in excess of certain amounts on individual claims. The self-funded plan is administered by a third party administrator which determines the current funding requirement of participants under the terms of the plan and the liability for claims and assessments that would be payable at any given point in time. In connection therewith, the Hospital charged to operations a provision of \$195,883 for 2000, which represents the sum of actual claims paid and estimates for incurred but unreported claims, resulting from incidents that occurred during the year. As of December 31, 2000, the Hospital had estimated its outstanding loss claims at \$44,500, which is reported as a current liability at year-end. Subsequent adjustment of insurance plan liabilities based on claims experience is treated as an adjustment to expense.

#### **NOTE 21 - DEFINED BENEFIT PENSION PLANS**

##### **A. Public Employees Retirement System**

All Morrow County full-time employees, other than teachers, participate in the Public Employees Retirement System of Ohio (PERS), a cost sharing multiple-employer public employee retirement system created by the State of Ohio. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

## MORROW COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

#### **NOTE 21 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate for 2000 was 8.5 percent for employees other than law enforcement. Law enforcement employees contribute 9.0 percent of covered salary. The PERS Retirement Bond instituted a temporary employer rate rollback for calendar year 2000. The rollback was 20% for local government subdivisions and 6% for law enforcement divisions. The employer contribution rate for employees other than law enforcement was 10.84 percent of covered payroll; 6.54 percent was the portion used to fund pension obligations for 2000. The law enforcement employer rate was 15.70 percent of covered payroll and 11.40 percent was the portion used to fund pension obligations for 2000. The County's contributions for pension obligations to PERS for the years ended December 31, 2000, 1999, and 1998 were \$603,724, \$736,032, and \$676,025, respectively; 68 percent has been contributed for 2000 and 100 percent for 1999 and 1998. \$191,148, representing the unpaid portion for 2000 is recorded as a liability within the respective funds. The Hospital's contributions to PERS for the years ended December 31, 2000, 1999, and 1998 were \$587,347, \$605,594, and \$602,700, respectively, which were equal to the required contributions for each year. The unpaid contribution for 2000 is recorded as a liability within the respective funds.

#### **B. State Teachers Retirement System**

Certified teachers employed by the school for the Mental Retarded/Developmentally Disabled participate in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS Ohio provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code.

STRS Ohio issues a publicly available financial report that includes financial statements and required supplementary information for STRS Ohio. That report may be obtained by writing to the State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771.

## MORROW COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

#### **NOTE 21 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Plan members are required to contribute 9.3 percent of their annual covered salary and the County is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS Ohio Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The County's contributions for pension obligations to STRS Ohio for the years ended December 31, 2000, 1999, and 1998 were \$31,015, \$34,156, and \$35,388, respectively, 94 percent has been contributed for 2000 and 100 percent for the years 1999 and 1998. \$1,959, representing the unpaid contributions for 2000, is recorded as a liability within the respective funds.

#### **NOTE 22 - POSTEMPLOYMENT BENEFITS**

##### **A. Public Employees Retirement System**

PERS provides post retirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. 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 Government Employers". A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The employer contribution was rolled back for the year 2000. The 2000 employer contribution rate for local employers was 10.84% of covered payroll; 4.3% was the portion that was used to fund health care. The law enforcement employer rate for 2000 was 15.70% of covered payroll; 4.30% was the portion used to fund health care.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS. The County's contribution actually made to fund postemployment benefits was \$363,571.

OPEB are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely.

## MORROW COUNTY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000

#### **NOTE 22 - POSTEMPLOYMENT BENEFITS - (Continued)**

As of December 31, 1999 (the latest information available), the unaudited estimated net assets available for future OPEB payments were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$12,473.6 million and \$1,668.1 million, respectively, at December 31, 1999 (the latest information available). The number of benefit recipients eligible for OPEB at December 31, 1999 (the latest information available) was 401,339.

During 2000, the PERS Retirement Board enacted a temporary employer contribution rate rollback for calendar year 2000. The decision to rollback rates on the December 31, 1998 actuarial study, which indicated that actuarial assets exceeded actuarial liabilities. The temporary rate rollback was 20% for both the state and local government divisions and 6% for law enforcement divisions. The Board reallocated employer contributions from 4.20% to 4.30% at the beginning of the year to improve health care financing. The proportion of contributions dedicated to funding OPEB increased during the year for those reasons.

Additional information on the PERS, including historical trend information showing the progress in accumulating sufficient assets to pay benefits when due is available in the PERS December 31, 2000, Comprehensive Annual Financial Report.

#### **B. State Teachers Retirement System**

Comprehensive health care benefits are provided to retired teachers and their dependents through the STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by STRS Ohio based on authority granted by State statute.

All benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium. Benefits are funded on a pay-as-you-go basis through an allocation of employer contributions to the System equal to 8% of covered payroll. For the County this amount equaled \$7,754 during 2000. As of June 30, 2000, the balance in the Health Care Reserve Fund was \$3.419 billion and eligible benefit recipients totaled 90,011 for STRS Ohio as a whole. For the fiscal year ended June 30, 2000, net health care costs paid by STRS Ohio were \$283.137 million.

**MORROW COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2000

**NOTE 23 - BUDGETARY BASIS OF ACCOUNTING**

The County's budgetary process is based upon accounting for transactions on the cash basis. The differences between the cash basis (budget basis) and the modified accrual basis (GAAP basis) are that revenues are recorded when actually received (budget) as opposed to when susceptible to accrual (GAAP) and the expenditures are recorded when paid (budget) as opposed to when incurred (GAAP). Additionally, the County reflects outstanding encumbrances as expenditures on the budgetary basis of accounting. Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the GAAP basis are as follows:

EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING  
SOURCES OVER (UNDER) EXPENDITURES  
AND OTHER FINANCING USES

	Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget basis	\$(316,809)	\$(1,807,734)	\$(130,089)	\$(3,273,599)
Net adjustment for revenue accruals	(245,211)	(278,460)	- - -	1,138
Net adjustment for expenditure accruals	(143,272)	(243,437)	76,872	3,728,100
Net adjustment for other financing sources (uses) accruals	172,996	(31,283)	31,283	(3,895,000)
Encumbrances (budget basis)	<u>651,408</u>	<u>680,006</u>	<u>- - -</u>	<u>3,112,869</u>
GAAP basis	<u>\$ 119,112</u>	<u>\$(1,680,908)</u>	<u>\$ (21,934)</u>	<u>\$ (326,492)</u>



## **MORROW COUNTY, OHIO**

### **NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000**

#### **NOTE 24 - CONTINGENCIES**

##### **A. Grants**

The County receives significant financial 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 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 effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the County at December 31, 2000.

##### **B. Morrow County Hospital**

At December 31, 2000, management is aware of certain asserted and unasserted malpractice and general patient liability claims and assessments against the Hospital. Future liability of the Hospital related to these claims and assessments is unknown. Accordingly, no amounts have been accrued for malpractice and general patient liability claims.

There may be unknown incidents arising from services provided to patients. However, because the annual insurance policy only covers claims that have been asserted and incidents reported to the insurance carrier, these unknown incidents are not yet covered by insurance. Management has no basis to estimate the ultimate cost, if any, of the settlement of such potential claims and, accordingly, has not accrued for them. In addition, management intends to maintain the current occurrence basis insurance coverage to cover any unknown incidents that may be asserted.

##### **C. Litigation**

At December 31, 2000, there were several claims and lawsuits pending against the County. In the opinion of the County Prosecutor, no material liability is anticipated.

## **MORROW COUNTY, OHIO**

### **NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2000**

#### **NOTE 25 - RELATED PARTY TRANSACTION**

Whetstone Industries, Inc., a discretely presented component unit of the County, received contributions from the County for certain personnel salaries. The contributions are reflected as operating revenues in the GPFS. For the fiscal year ended December 31, 2000, the contributions were \$927,919.

#### **NOTE 26 - 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 27 - SUBSEQUENT EVENT**

On June 1, 2001, the County purchased an additional office building for \$439,000. The purchase was financed as a loan, payable over three years with an interest rate of five percent.

**Report On Compliance And On Internal Control Over Financial  
Reporting Based On An Audit Of Financial Statements Performed  
In Accordance With *Government Auditing Standards***

Board of County Commissioners  
Morrow County, Ohio

We have audited the financial statements of Morrow County, Ohio as of and for the year ended December 31, 2000, and have issued our report thereon dated June 1, 2001. We did not audit the financial statements of the Morrow County Hospital, which represent 97 percent and 99 percent, respectively, of the total assets and total revenue of the enterprise fund type. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Morrow County Hospital, is based on the report of other auditors. 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 Morrow County, Ohio'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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to management of Morrow County, Ohio in a separate letter dated June 1, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Morrow County, Ohio'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, which we have reported to management of Morrow County, Ohio in a separate letter dated June 1, 2001.

Board of County Commissioners  
Morrow County, Ohio

This report is intended solely for the information and use of the Audit Committee, management, the Board of County Commissioners, the Auditor of State, 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.

*Ciani & Partners, Inc.*

Cleveland, Ohio  
June 1, 2001

**Report On Compliance With Requirements Applicable To Each  
Major Program And on Internal Control Over Compliance  
In Accordance With OMB Circular A-133**

Board of County Commissioners  
Morrow County, Ohio

Compliance

We have audited the compliance of Morrow County, Ohio 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. Morrow County, Ohio'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 Morrow County, Ohio's management. Our responsibility is to express an opinion on Morrow County, Ohio'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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Morrow County, Ohio'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 of Morrow County, Ohio's compliance with those requirements.

In our opinion, Morrow County, Ohio 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.

Internal Control Over Compliance

The management of Morrow County, Ohio is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Morrow County, Ohio'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.

Schedule of Expenditures of Federal Awards

We have audited the general-purpose financial statements of Morrow County, Ohio as of and for the year ended December 31, 2000, and have issued our report thereon dated June 1, 2001. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

This report is intended solely for the information and use of the Audit Committee, management, the Board of County Commissioners, the Auditor of State, 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.

*Cinni P. Paurton, Inc.*

Cleveland, Ohio  
June 1, 2001

# MORROW COUNTY, OHIO

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

### FOR THE YEAR ENDED DECEMBER 31, 2000

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture: Pass-Through Ohio Department of Education National School Lunch	10.555	066167	\$ <u>1,454</u>
U.S. Department of Education: Pass-Through Ohio Department of Education Special Education Cluster Preschool Disabilities	84.173	PG-SI-2000P	9,138
Title VI-B	84.027	6B-SF-00P	<u>18,019</u>
Total Special Education Cluster			27,157
Title VI	84.298	CA-S1-2000	<u>602</u>
Total U.S. Department of Education			<u>27,759</u>
U.S. Department of Housing and Urban Development: Pass-Through Ohio Department of Development Community Development Block Grant	14.228	B-C-98-054-1	6,864
Community Development Block Grant	14.228	B-C-00-054-1	3,580
Community Development Block Grant	14.228	B-F-98-054-1	11,402
Community Development Block Grant	14.228	B-F-99-054-1	<u>122,502</u>
Total Community Development Block Grant			144,348
Comprehensive Housing Improvement Program	14.239	C-00-054-1	<u>11,489</u>
Total U.S. Department of Housing and Urban Development			<u>155,837</u>
Federal Emergency Management Agency: Pass-Through Ohio Emergency Management Agency Emergency Management – State and Local Assistance	83.552	98-PPACA	<u>8,404</u>
U.S. Department of Transportation: Pass-Through Department of Public Safety Safe Communities	20.600	1122.0	<u>9,557</u>
U.S. Department of Justice: Pass-Through Ohio Attorney General's Office Public Safety Partnership and Community Policing Grants (COPS)	16.710	96-UM-WX-0919	<u>49,501</u>
Total U.S. Department of Justice			<u>49,501</u>
U.S. Department of Health and Human Services: Pass-Through Ohio Department of Human Services Social Services Block Grant	93.667	----	29,960
Child Care Development	93.575	G-00-010HCCDF	6,783
Title IV-B	93.645	G-00-010H1400	<u>41,498</u>
Total U.S. Department of Health and Human Services			<u>78,241</u>
Total Expenditures of Federal Awards			\$ <u>330,753</u>

The accompanying notes are an integral part of this schedule

## **MORROW COUNTY, OHIO**

### **NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

#### **FOR THE YEAR ENDED DECEMBER 31, 2000**

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##### **NOTE 1 - BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Morrow County, Ohio and is presented using the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements.

##### **NOTE 2 - LOANS OUTSTANDING**

The County administers two loan programs with funds provided by the U.S. Department of Housing and Urban Development, through the Ohio Department of Development under Community Development Block Grant. As of December 31, 2000, the amount of the loans outstanding was \$94,416 for the Economic Development Revolving Loan Program and \$55,701 for the Water and Sewer Revolving Loan Program.



# **MORROW COUNTY, OHIO**

## **SCHEDULE OF FINDINGS OMB CIRCULAR A-133 SECTION .505**

**DECEMBER 31, 2000**

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### 1. SUMMARY OF AUDITOR'S RESULTS

(d)(I)(i)	Type of Financial Statement Opinion	Unqualified
(d)(I)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(I)(iii)	Was there any material reported noncompliance at the financial statement level (GAGAS)?	No
(d)(I)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(I)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(I)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(I)(vi)	Are there any reportable findings under Section .501?	No
(d)(I)(vii)	Major Programs	Community Development Block Grant CFDA No. 14.228 Public Safety Partnership and Community Policing Grants (COPS) CFDA No. 16.710
	Dollar Threshold: Type A/B Programs	Type A:>\$300,000 Type B:>All Others
(d)(I)(ix)	Low Risk Auditee?	No

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

There were no findings noted relating to the financial statements that would be required to be reported in accordance with generally accepted government auditing standards.

**MORROW COUNTY, OHIO**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 SECTION .505**

**DECEMBER 31, 2000**

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3. FINDINGS FOR FEDERAL AWARDS

There were no findings for federal awards to report in 2000.

**MORROW COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A-133 SECTION .315(b)**

**DECEMBER 31, 2000**

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There were no prior audit findings or questioned costs for federal awards reported in 1999.

**MORROW COUNTY, OHIO  
48 EAST HIGH STREET  
MT. GILEAD, OHIO 43338  
(419) 946-8055**

**Response To Findings Associated With Audit Conducted  
In Accordance With *Government Auditing Standards*  
For The Year Ended December 31, 2000**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
Not applicable			



STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

## MORROW COUNTY FINANCIAL CONDITION

### MORROW 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  
JULY 17, 2001