

VILLAGE OF MORRAL
COLUMBUS REGION, MARION COUNTY
REPORT ON FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Village Council
Village of Morral
Marion County
P.O. Box 156
Morral, Ohio 43337

We have reviewed the Independent Auditor's Report of the Village of Morral, Marion County, prepared by Holbrook & Manter, LLP, for the audit period January 1, 1998 to December 31, 1999. 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. The Village of Morral is responsible for compliance with these laws and regulations.

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

August 29, 2000

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INDEPENDENT AUDITOR'S REPORT

Village Council
Village of Morral
Marion County
P.O. Box 156
Morral, Ohio 43337

We have audited the accompanying financial statements of the Village of Morral, Marion County, Ohio, (the Village) as of and for the years ended December 31, 1999 and December 31, 1998. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 audits 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 audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Morral, as of December 31, 1999 and December 31, 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 7, 2000 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

Holbrook & Manter, LLP

Certified Public Accountants

July 7, 2000
Marion, Ohio

VILLAGE OF MORRAL
MARION COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999

	General	Special Revenue	(Memorandum Only) Total
Cash receipts:			
Local taxes	\$ 16,312	\$ 0	\$ 16,312
Intergovernmental	38,549	14,987	53,536
Charges for services	230	0	230
Fines, licenses, and permits	244	0	244
Miscellaneous	1,474	4,171	5,645
Total cash receipts	56,809	19,158	75,967
Cash disbursements:			
Current:			
Security of persons and property	12,658	0	12,658
Public health services	1,201	0	1,201
Leisure time activities	0	1,628	1,628
Transportation	12,862	19,424	32,286
General government	12,000	0	12,000
Total cash disbursements	38,721	21,052	59,773
Total receipts over/(under) cash disbursements	18,088	(1,894)	16,194
Fund cash balances January 1, 1999	44,179	24,128	68,307
Fund cash balances, December 31, 1999	\$ 62,267	\$ 22,234	\$ 84,501
Reserve for encumbrances, December 31, 1999	\$ 0	\$ 0	\$ 0

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

VILLAGE OF MORRAL
MARION COUNTY
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only) Total</u>
Cash receipts:			
Local taxes	\$ 19,365	\$ 7,886	\$ 27,251
Intergovernmental	19,763	10,759	30,522
Charges for services	100	0	100
Fines, licenses, and permits	1,039	163	1,202
Miscellaneous	2,559	0	2,559
Total cash receipts	<u>42,826</u>	<u>18,808</u>	<u>61,634</u>
Cash disbursements:			
Current:			
Security of persons and property	7,520	0	7,520
Public health services	2,102	0	2,102
Leisure time activities	0	1,905	1,905
Transportation	5,662	31,065	36,727
General government	12,106	0	12,106
Capital outlay	9,300	0	9,300
Total cash disbursements	<u>36,690</u>	<u>32,970</u>	<u>69,660</u>
Total receipts over/(under) cash disbursements	<u>6,136</u>	<u>(14,162)</u>	<u>(8,026)</u>
Fund cash balances January 1, 1998	<u>38,043</u>	<u>38,290</u>	<u>76,333</u>
Fund cash balances, December 31, 1998	<u>\$ 44,179</u>	<u>\$ 24,128</u>	<u>\$ 68,307</u>
Reserve for encumbrances, December 31, 1998	<u>\$ 0</u>	<u>\$ 754</u>	<u>\$ 754</u>

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

VILLAGE OF MORRAL
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:-

- A. **Description of the Entity** – The Village of Morral, Marion County, Ohio, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including park operations (leisure time activities). The Village contracts with the Marion County Sheriff's department to provide security of persons and property.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

- B. **Basis of Accounting** - These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

- C. **Cash and Investments** – The Village maintains its cash deposits in an interest-bearing checking account.

- D. **Fund Accounting** - The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

General Fund

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

Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

Street Construction, Maintenance and Repair Fund

This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

State Highway Fund

This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village highways.

Parks and Recreation Fund

This fund receives money to improve Village park facilities.

VILLAGE OF MORRAL
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998

E. **Budgetary Process** - The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered Appropriations lapse at year end.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 1999 and 1998 budgetary activity appears in Note 4.

F. **Property, Plant and Equipment** - Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements

NOTE 2 – EQUITY IN POOLED CASH AND INVESTMENTS:-

The Village maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand deposits	\$ <u>84,501</u>	\$ <u>68,307</u>

Deposits - The Village's deposits are insured by the Federal Depository Insurance Corporation.

NOTE 3 – RETIREMENT SYSTEMS:-

Village officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post retirement health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

VILLAGE OF MORRAL
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1998 AND 1999

NOTE 4 - BUDGETARY ACTIVITY:-

Budgetary activity for the year ending December 31, 1999 was as follows:

1999 Budgeted VS. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 51,748	\$ 56,809	\$ 5,061
Special Revenue	<u>14,506</u>	<u>19,158</u>	<u>4,652</u>
Total	<u>\$ 66,254</u>	<u>\$ 75,967</u>	<u>\$ 9,713</u>

1999 Budgeted VS. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 73,761	\$ 38,721	\$ 35,040
Special Revenue	<u>45,158</u>	<u>21,052</u>	<u>24,106</u>
Total	<u>\$ 118,919</u>	<u>\$ 59,773</u>	<u>\$ 59,146</u>

1998 Budgeted VS. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 38,630	\$ 42,826	\$ 4,196
Special Revenue	<u>19,555</u>	<u>18,808</u>	<u>(747)</u>
Total	<u>\$ 58,185</u>	<u>\$ 61,634</u>	<u>\$ 3,449</u>

1998 Budgeted VS. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 67,604	\$ 36,690	\$ 30,914
Special Revenue	<u>56,380</u>	<u>32,970</u>	<u>23,410</u>
Total	<u>\$ 123,984</u>	<u>\$ 69,660</u>	<u>\$ 54,324</u>

VILLAGE OF MORRAL
MARION COUNTY
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998

NOTE 5 – PROPERTY TAX:-

Real property taxes become a lien on January 1, preceding the October 1 date for which rates are adopted by the Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

NOTE 6 – RISK MANAGEMENT:-

The Village has obtained insurance from the Ohio Government Risk Management Plan for the following risks:

- Comprehensive property and general liability



Report on Compliance and on Internal Control Required by *Government Auditing Standards*

Village Council
Village of Morral
Marion County
P.O. Box 156
Morral, Ohio 43337

We have audited the accompanying financial statements of the Village of Morral, Marion County, Ohio (the Village), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated July 7, 2000. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated July 7, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village'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 matter 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 of 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.

We noted other matters involving compliance and internal control over financial reporting that we have reported to the Management of the Village in a separate letter dated July 7, 2000.

This report is intended for the information of the Village Council and the Clerk, and is not intended to be and should not be used by anyone other than these specified parties.

Holbrook & Manter, LLP

Certified Public Accountants

July 7, 2000
Marion, Ohio



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF MORRAL

MARION 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
SEPTEMBER 26, 2000**