



**MORGAN TOWNSHIP
SCIOTO COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701

Telephone 740-594-3300
800-441-1389

Facsimile 740-594-2110

REPORT OF INDEPENDENT ACCOUNTANTS

Morgan Township
Scioto County
8579 Big Bear Creek Road
Lucasville, Ohio 45648

To the Township Trustees:

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

We conducted our audit in accordance with generally accepted auditing standards and 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 provides a reasonable basis for our opinion.

As described in Note 1, the Township 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 of Morgan Township, Scioto County, as of December 31, 1999 and 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 a report dated August 4, 2000, on our consideration of the Township'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, the Board of Trustees, 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.

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

Jim Petro
Auditor of State

August 4, 2000

MORGAN TOWNSHIP
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999

| | <u>Governmental Fund Types</u> | | <u>Debt Service</u> | <u>Total (Memorandum Only)</u> |
|---|--------------------------------|----------------------------|-------------------------|--|
| | <u>General</u> | <u>Special Revenue</u> | | |
| Cash Receipts: | | | | |
| Local Taxes | \$23,756 | \$34,072 | \$ | \$57,828 |
| Intergovernmental | 8,534 | 62,181 | | 70,715 |
| Interest | 306 | 1,162 | | 1,468 |
| Miscellaneous | 1,457 | 2,871 | | 4,328 |
| Total Cash Receipts | <u>34,053</u> | <u>100,286</u> | | <u>134,339</u> |
| Cash Disbursements: | | | | |
| General Government | 26,261 | | | 26,261 |
| Public Safety | | 11,430 | | 11,430 |
| Public Works | 7,639 | 101,299 | | 108,938 |
| Miscellaneous | | 12,000 | | 12,000 |
| Capital Outlay | | 8,802 | | 8,802 |
| Total Cash Disbursements | <u>33,900</u> | <u>133,531</u> | | <u>167,431</u> |
| Total of Cash Receipts Over/(Under) Cash Disbursements | 153 | (33,245) | | (33,092) |
| Other Financing Receipts: | | | | |
| Sale of Assets | | 2,200 | | 2,200 |
| Total Other Financing Receipts | | <u>2,200</u> | | <u>2,200</u> |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements | 153 | (31,045) | | (30,892) |
| Fund Cash Balances, January 1 | <u>4,681</u> | <u>104,549</u> | <u>258</u> | <u>109,488</u> |
| Fund Cash Balances, December 31 | <u><u>\$4,834</u></u> | <u><u>\$73,504</u></u> | <u><u>\$258</u></u> | <u><u>\$78,596</u></u> |

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

MORGAN TOWNSHIP
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998

| | Governmental Fund Types | | | Total (Memorandum Only) |
|---|--------------------------------|----------------------------|-------------------------|--|
| | General | Special Revenue | Debt Service | |
| Cash Receipts: | | | | |
| Local Taxes | \$20,904 | \$31,280 | \$ | \$52,184 |
| Intergovernmental | 6,931 | 73,387 | | 80,318 |
| Interest | 540 | 995 | | 1,535 |
| Miscellaneous | 1,320 | 26,711 | | 28,031 |
| Total Cash Receipts | 29,695 | 132,373 | | 162,068 |
| Cash Disbursements: | | | | |
| General Government | 37,100 | | | 37,100 |
| Public Safety | | 7,617 | | 7,617 |
| Public Works | 5,448 | 61,480 | | 66,928 |
| Health | | 729 | | 729 |
| Capital Outlay | | 7,261 | | 7,261 |
| Total Cash Disbursements | 42,548 | 77,087 | | 119,635 |
| Total Cash Receipts Over/(Under) Cash Disbursements | (12,853) | 55,286 | | 42,433 |
| Other Financing Receipts: | | | | |
| Proceeds From Sale of Public Debt: | | | | |
| Sale of Notes | | 14,000 | | 14,000 |
| Other Financing Sources | 400 | | | 400 |
| Total Other Financing Receipts | 400 | 14,000 | | 14,400 |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements | (12,453) | 69,286 | | 56,833 |
| Fund Cash Balances, January 1 | 17,134 | 35,263 | 258 | 52,655 |
| Fund Cash Balances, December 31 | \$4,681 | \$104,549 | \$258 | \$109,488 |

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

**MORGAN TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Entity

Morgan Township, Scioto County, Ohio, (the Township) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees and a publically elected Clerk. The Township provides general governmental services, police services, street lighting, and maintenance of Township roads.

The Township's management believes these financial statements present all activities for which the Township 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 a payment is made rather than when a liability is incurred.

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

C. Cash and Investments

The Township had only one primary checking account and had no investments during the period January 1, 1998 through December 31, 1999.

D. Fund Accounting

The Township uses fund accounting to segregate cash that is restricted as to use. The Township classifies its funds into the following types:

1. 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.

2. 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 Township had the following significant Special Revenue Funds:

Gasoline Tax Fund - This fund received gasoline tax monies to construct, maintain and repair Township roadways.

Road and Bridge Fund - This fund received property tax monies to construct, maintain and repair Township roadways.

**MORGAN TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Debt Service Fund

This fund is used to account for monies used to repay note debt. The Township had the following Debt Service Fund:

Debt Service Fund - This fund was not active for the period January 1, 1998 through December 31, 1999.

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. 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. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year..

A summary of 1999 and 1998 budgetary activity appears in Note 3.

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.

2. EQUITY IN POOLED CASH

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

| | <u>1999</u> | <u>1998</u> |
|-----------------|-----------------|------------------|
| Demand Deposits | <u>\$78,596</u> | <u>\$109,088</u> |

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Township.

**MORGAN TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999, and December 31, 1998 was as follows:

1999 Budgeted vs. Actual Receipts

| <u>Fund Type</u> | <u>Budgeted Receipts</u> | <u>Actual Receipts</u> | <u>Variance</u> |
|------------------|--------------------------|------------------------|-------------------|
| General | \$36,878 | \$34,053 | (\$2,825) |
| Special Revenue | 116,969 | 102,486 | (14,483) |
| Debt Service | <u>0</u> | <u>0</u> | <u>0</u> |
| Total | <u>\$153,847</u> | <u>\$136,539</u> | <u>(\$17,308)</u> |

1999 Budgeted vs. Actual Budgetary Basis Expenditures

| <u>Fund Type</u> | <u>Appropriation Authority</u> | <u>Budgetary Expenditures</u> | <u>Variance</u> |
|---------------------|--------------------------------|-------------------------------|-----------------|
| General | \$41,159 | \$33,900 | \$7,259 |
| Special Revenue | 221,518 | 133,531 | 87,987 |
| Nonexpendable Trust | <u>258</u> | <u>0</u> | <u>258</u> |
| Total | <u>\$262,935</u> | <u>\$167,431</u> | <u>\$95,504</u> |

1998 Budgeted vs. Actual Receipts

| <u>Fund Type</u> | <u>Budgeted Receipts</u> | <u>Actual Receipts</u> | <u>Variance</u> |
|------------------|--------------------------|------------------------|-----------------|
| General | \$31,841 | \$30,095 | (\$1,746) |
| Special Revenue | 101,589 | 146,373 | 44,784 |
| Debt Service | <u>2,400</u> | <u>0</u> | <u>(2,400)</u> |
| Total | <u>\$135,830</u> | <u>\$176,468</u> | <u>\$40,638</u> |

1998 Budgeted vs. Actual Budgetary Basis Expenditures

| <u>Fund Type</u> | <u>Appropriation Authority</u> | <u>Budgetary Expenditures</u> | <u>Variance</u> |
|------------------|--------------------------------|-------------------------------|-----------------|
| General | \$48,975 | \$42,548 | \$6,427 |
| Special Revenue | 136,852 | 77,087 | 59,765 |
| Debt Service | <u>2,658</u> | <u>0</u> | <u>2,658</u> |
| Total | <u>\$188,485</u> | <u>\$119,635</u> | <u>\$68,850</u> |

**MORGAN TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Board of Trustees. 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.

Public utilities are also taxed on personal and real property located within the Township.

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 Township.

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|------------|------------------|----------------------|
| Backhoe | \$14,000 | 8% |
| Dump Truck | <u>6,052</u> | 8% |
| Total | <u>\$20,052</u> | |

The backhoe loan was issued on March 12, 1999, for five years, with annual payments of \$2,872, including interest. The Dump Truck note was issued on November 9, 1998, for five years with annual payment of \$1,675, including interest.

Amortization of the above debt, including interest, is scheduled as follows:

| <u>Year ending December 31:</u> | <u>General Obligation Notes</u> |
|-------------------------------------|---|
| 2000 | \$4,547 |
| 2001 | 4,547 |
| 2002 | 4,547 |
| 2003 | 4,547 |
| 2004 | <u>2,872</u> |
| Total | <u>\$21,060</u> |

**MORGAN TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 and 1998**

6. RETIREMENT SYSTEM

The Township's employees and officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS is cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, 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, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Township has obtained commercial insurance coverage for the following risks:

- General liability and casualty
- Public officials' liability
- Vehicles
- Property

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701

Telephone 740-594-3300
800-441-1389

Facsimile 740-594-2110

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

Morgan Township
Scioto County
8579 Big Bear Creek Road
Lucasville, Ohio 45648

To The Township Trustees:

We have audited the accompanying financial statements of Morgan Township, Scioto County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated August 4, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township'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 *Governmental Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated August 4, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township'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 control over financial reporting that do not require inclusion in this report, that we have reported to the management of the Township in a separate letter dated August 4, 2000.

This report is intended for the information and use of the management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large loop at the end of the last name.

Jim Petro
Auditor of State

August 4, 2000

**MORGAN TOWNSHIP
SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 1999 AND 1998**

| Finding Number | Finding Summary | Fully Corrected |
|----------------|--|-----------------|
| 1997-40773-001 | Total appropriations exceeded total estimated revenue. | Yes |
| 1997-40773-002 | Expenditures exceeded appropriations | Yes |
| 1997-40773-003 | Expenditures not properly certified | Yes |



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

MORGAN TOWNSHIP

SCIOTO 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 12, 2000**