



**MORRIS TOWNSHIP
KNOX COUNTY**

REGULAR AUDIT

DECEMBER 31, 2000 AND 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

MORRIS TOWNSHIP
KNOX COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Trustees
Morris Township
Knox County
13876 North Liberty Road
Mount Vernon, Ohio 43050

To the Board of Trustees:

We have audited the accompanying financial statements of Morris Township, Knox County, Ohio, (the Township) as of and for the years ended December 31, 2000 and December 31, 1999. 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 discussed 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 Morris Township, Knox County, Ohio, as of December 31, 2000 and December 31, 1999, 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 April 17, 2001 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. 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.

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

JIM PETRO
Auditor of State

April 17, 2001

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**MORRIS TOWNSHIP
KNOX COUNTY**

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

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property Tax and Other Local Taxes	\$14,103	\$78,817	\$92,920
Intergovernmental Receipts	106,638	76,755	183,393
Fines, Licenses, and Permits	1,632	250	1,882
Earnings on Investments	8,454	1,888	10,342
Miscellaneous	1,370	488	1,858
	<u>132,197</u>	<u>158,198</u>	<u>290,395</u>
Cash Disbursements:			
Current:			
General Government	61,470	0	61,470
Public Safety	100	29,954	30,054
Public Works	7,593	129,943	137,536
Health	3,401	0	3,401
Conservation-Recreation	25	0	25
Capital Outlay	47,046	32,486	79,532
	<u>119,635</u>	<u>192,383</u>	<u>312,018</u>
Total Cash Disbursements	<u>119,635</u>	<u>192,383</u>	<u>312,018</u>
Total Cash Receipts Over/(Under) Cash Disbursements	12,562	(34,185)	(21,623)
Fund Cash Balances, January 1, 2000	<u>130,778</u>	<u>134,227</u>	<u>265,005</u>
Fund Cash Balances, December 31, 2000	<u>\$143,340</u>	<u>\$100,042</u>	<u>\$243,382</u>

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

MORRIS TOWNSHIP
KNOX COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Fiduciary Fund Type</u>
	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Interest	<u>\$234</u>
Operating Cash Disbursements:	
Personal Services	<u>159</u>
Operating Income/(Loss)	75
Fund Cash Balances, January 1, 2000	<u>3,865</u>
Fund Cash Balances, December 31, 2000	<u><u>\$3,940</u></u>

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

**MORRIS TOWNSHIP
KNOX 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**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$11,568	\$56,809	\$68,377
Special Assessments	154	0	154
Intergovernmental Receipts	58,094	75,363	133,457
Fines, Licenses, and Permits	1,617	0	1,617
Earnings on Investments	7,549	1,701	9,250
Miscellaneous	3,383	177	3,560
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	82,365	134,050	216,415
Cash Disbursements:			
Current:			
General Government	55,846	0	55,846
Public Safety	95	13,721	13,816
Public Works	413	95,346	95,759
Health	2,673	250	2,923
Conservation-Recreation	25	0	25
Capital Outlay	1,000	0	1,000
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	60,052	109,317	169,369
Total Cash Receipts Over/(Under) Cash Disbursements	22,313	24,733	47,046
Fund Cash Balances, January 1, 1999	108,465	109,494	217,959
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31, 1999	<u>\$130,778</u>	<u>\$134,227</u>	<u>\$265,005</u>

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

MORRIS TOWNSHIP
KNOX COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Fiduciary Fund Type</u>
	<u>Nonexpendable Trust</u>
Operating Cash Receipts:	
Interest	<u>\$189</u>
Operating Cash Disbursements:	
Personal Services	<u>215</u>
Operating Income/(Loss)	(26)
Fund Cash Balances, January 1, 1999	<u>3,891</u>
Fund Cash Balances, December 31, 1999	<u><u>\$3,865</u></u>

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

**MORRIS TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Morris Township, Knox County, (the Township) 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 Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance.

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 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

Certificates of Deposit are carried at cost.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are 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 to be accounted for in another fund.

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 receives gasoline tax money to pay for constructing, maintaining and repairing Township roads.

Road and Bridge Fund - This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

**MORRIS TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND DECEMBER 31, 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Fiduciary Fund (Trust Fund)

This fund is used to account for resources restricted by legally binding trust agreements and funds for which the Township is acting in an agency capacity. The Township had the following significant fiduciary fund:

Chapel Cemetery Fund - This non-expendable trust fund earns interest revenue to maintain the cemetery.

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 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 individual commitments are made.

A summary of 2000 and 1999 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 AND INVESTMENTS

The Township maintains a cash and investment 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:

**MORRIS TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND DECEMBER 31, 1999
(Continued)**

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

	<u>2000</u>	<u>1999</u>
Demand deposits	\$40,785	\$44,071
Certificates of deposit	<u>206,537</u>	<u>224,799</u>
Total deposit	<u><u>\$247,322</u></u>	<u><u>\$268,870</u></u>

Deposits: Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2000 and December 31, 1999 follows:

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$78,314	\$132,197	\$53,883
Special Revenue	145,408	158,198	12,790
Fiduciary	<u>186</u>	<u>234</u>	<u>48</u>
Total	<u><u>\$223,908</u></u>	<u><u>\$290,629</u></u>	<u><u>\$66,721</u></u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$209,000	\$119,635	\$89,365
Special Revenue	279,050	192,383	86,667
Fiduciary	<u>225</u>	<u>159</u>	<u>66</u>
Total	<u><u>\$488,275</u></u>	<u><u>\$312,177</u></u>	<u><u>\$176,098</u></u>

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$70,899	\$82,365	\$11,466
Special Revenue	126,021	134,050	8,029
Fiduciary	<u>181</u>	<u>189</u>	<u>8</u>
Total	<u><u>\$197,101</u></u>	<u><u>\$216,604</u></u>	<u><u>\$19,503</u></u>

**MORRIS TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND DECEMBER 31, 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$179,300	\$60,052	\$119,248
Special Revenue	230,600	109,317	121,283
Fiduciary	247	215	32
Total	<u>\$410,147</u>	<u>\$169,584</u>	<u>\$240,563</u>

4. PROPERTY TAX

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

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. RETIREMENT SYSTEMS

All employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is cost-sharing, multiple-employer plans. 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 2000 and 1999, members of PERS contributed 8.5% of their gross salaries. In 1999, the Township contributed an amount equal to 13.55% of participants' gross salaries. In 2000, the average employers contribution rate was 10.84% of participants' gross salaries. The Township has paid all contributions required through December 31, 2000.

6. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions



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

Board of Trustees
Morris Township
Knox County
13876 North Liberty Road
Mount Vernon, Ohio 43050

We have audited the financial statements of Morris Township, Knox County, Ohio, (the Township) as of and for the years ended December 31, 2000 and December 31, 1999, and have issued our report thereon dated April 17, 2001. 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 *Government Auditing Standards*.

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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the Township in a separate letter dated April 17, 2001.

Morris Township
Knox County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

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

JIM PETRO
Auditor of State

April 17, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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MORRIS TOWNSHIP

KNOX 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
MAY 15, 2001**