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Certified Public Accountants, A.C.

**MORSE ROAD SPECIAL IMPROVEMENT DISTRICT
FRANKLIN COUNTY
Initial Audit
For the Years Ended December 31, 2015 and 2014**

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Dave Yost • Auditor of State

Board of Trustees
Morse Road Special Improvement District
605 South Front Street, Suite 200
Columbus, Ohio 43215

We have reviewed the *Independent Auditors' Report* of the Morse Road Special Improvement District, Franklin County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2014 through December 31, 2015. 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 Morse Road Special Improvement District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

October 6, 2016

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MORSE ROAD SPECIAL IMPROVEMENT DISTRICT
FRANKLIN COUNTY

TABLE OF CONTENTS

| TITLE | PAGE |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Independent Auditor's Report..... | 1 |
| Basic Financial Statements: | |
| Statements of Assets, Liabilities, and Net Assets – Cash Basis..... | 3 |
| Statements of Support, Revenue, Expenses and Changes in Net Assets – Cash Basis..... | 4 |
| Notes to the Financial Statements..... | 5 |
| Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 7 |
| Schedule of Audit Findings..... | 9 |

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INDEPENDENT AUDITOR'S REPORT

July 29, 2016

Morse Road Special Improvement District
Franklin County
605 South Front Street, Suite 200
Columbus, OH 43215

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of **Morse Road Special Improvement District**, Franklin County, Ohio (the District), (a not-for-profit corporation), which comprise the statement of financial position, and the related statements of activities, as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with cash accounting basis Note 2 describes. This responsibility includes determining that the modified cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our opinion.

Opinion



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In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the Morse Road Special Improvement District, Franklin County as of December 31, 2015 and 2014, and the changes in cash financial position thereof for the years then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 29, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**MORSE ROAD SPECIAL IMPROVEMENT DISTRICT
STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

| | 2015 | 2014 |
|---------------------------|------------|------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 313,071 | \$ 259,041 |
| TOTAL ASSETS | 313,071 | 259,041 |
| NET ASSETS | | |
| Unrestricted | 313,071 | 259,041 |
| TOTAL NET ASSETS | \$ 313,071 | \$ 259,041 |

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

LANCASTER AREA COMMUNITY IMPROVEMENT CORPORATION
STATEMENTS OF SUPPORT, REVENUE, EXPENSES AND CHANGES IN NET ASSETS - CASH BASIS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

| | <u>2015</u> | <u>2014</u> |
|---------------------------------|-------------------|-------------------|
| UNRESTRICTED NET ASSETS | | |
| SUPPORT AND REVENUE | | |
| Assessment from Property Owners | \$ 230,627 | \$ 239,723 |
| Intergovernmental | 75,000 | - |
| Interest Income | 488 | 479 |
| TOTAL SUPPORT AND REVENUE | <u>306,115</u> | <u>240,202</u> |
| EXPENSES | | |
| Administrative Fees | 62,274 | 33,693 |
| Insurance | 2,345 | 2,345 |
| Maintenance | 186,589 | 199,233 |
| Utilities | 877 | 1,076 |
| TOTAL EXPENSES | <u>252,085</u> | <u>236,347</u> |
| CHANGE IN NET ASSETS | 54,030 | 3,855 |
| NET ASSETS, BEGINNING OF YEAR | <u>259,041</u> | <u>255,186</u> |
| NET ASSETS, END OF YEAR | <u>\$ 313,071</u> | <u>\$ 259,041</u> |

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

**MORSE ROAD SPECIAL IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

Morse Road Special Improvement District (the District), is an Ohio non-profit District created in 2006 under the laws of the State of Ohio for the purpose of governing a special improvement district created pursuant to Ohio Revised Code Chapter 1710.

The District was organized to assist the City of Columbus, Franklin County in providing services which will preserve the beatification of the environment on Morse Road from Indianola Avenue to Cleveland Avenue.

Management believes the financial statements included in this report represent all of the activities over which the District is financially accountable.

B. BASIS OF ACCOUNTING

The financial statements of the District have been prepared on the cash basis of accounting in accordance with other comprehensive basis of accounting. Under this method of accounting, revenues and expenses are recorded when received or expended.

C. BASIS OF PRESENTATION

Under Statement of Financial Accounting Standards (FASB ASC 958-205-05-6), Financial Statements of Not-for-Profit Districts, the District is required to report information regarding its financial position and activities according to three classes of net assets (unrestricted, temporarily restricted, and permanently restricted) based upon the existence or absence of donor-imposed restriction:

- **Unrestricted net assets** – Net assets that is not subject to donor-imposed stipulations.
- **Temporarily restricted net assets** – Net assets subject to donor-imposed restrictions, subject to specific restriction as to their use and are satisfied either by actions of the District and/or the passage of time. As of December 31, 2015 and 2014, the District did not have temporarily restricted net assets.
- **Permanently restricted net assets** – Net assets subject to donor-imposed restrictions that will be maintained permanently by the District, Generally, the donors of these assets permit the District to use all or part of the income earned on related investments for general or specific purposes. As of December 31, 2015 and 2014, the District did not have any permanently restricted net assets.

D. CONCENTRATION OF RISK

Financial instruments which subject the District to concentration of credit risk, consist principally of cash and cash equivalents. To minimize risks, the District places its funds with highly rated financial institutions. The cash balances held at financial institutions might exceed insured limits from time to time; however, at December 31, 2015 and 2014 the cash balances were fully insured.

**MORSE ROAD SPECIAL IMPROVEMENT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015 AND 2014
(CONTINUED)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

F. ADVERTISING

The District expenses advertising as incurred and was \$0 for years ending December 31, 2015 and 2014.

2. SPECIAL ASSESSMENT TAX LEVY

The major source of revenue for the District is funded by special assessments on the property taxes of owners of business property based on amount of frontage, square feet, and certified value within the district. The special assessment levy was established in 2006 for a ten-year period. The Franklin County Auditor sends the District the tax collections twice a year.

3. ADMINISTRATIVE FEE

A management fee is paid to NAI Ohio Equities. The District manages the landscape, flag changes and general beautification of the District. For the years ended December 31, 2015 and 2014 the management fees paid were \$30,000 and \$30,000 respectively.

4. INSURANCE

The District maintains property insurance through a private insurance carrier. There has been no significant change in coverage in the past two years. There have been no claims that exceeded coverage in the past three years.

5. SUBSEQUENT EVENTS

The District has evaluated subsequent events through July 29, 2016, the date which the financial statements were available to be issued. No events occurred subsequent to July 29, 2016 that would require adjustment or disclosure in the financial statements.



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

July 29, 2016

Morse Road Special Improvement District
Franklin County
605 South Front Street, Suite 200
Columbus, Ohio 43215

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the **Morse Road Special Improvement District**, Franklin County (the District) (a nonprofit organization) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the District's financial statements and have issued our report thereon dated July 29, 2016.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.



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Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of audit findings as item 2015-001.

We did note a certain matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated July 29, 2016.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**MORSE ROAD SPECIAL IMPROVEMENT DISTRICT
FRANKLIN COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014**

| |
|----------------------------------------------------------------------------------------------------------|
| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
|----------------------------------------------------------------------------------------------------------|

FINDING NUMBER 2015-001

Noncompliance

Filing Annual Financial Report

Ohio Revised Code Section 117.38 requires entities to file their financial information in the HINKLE system formerly known as the Annual Financial Data Reporting System (AFDRS) within 60 days after the close of the fiscal year. Ohio Auditor of State Bulletin 2015-007 also requires Special Improvement Districts to file an annual financial report.

The District did not file financial information for 2015 or 2014 with the Auditor of State.

We recommend the District file financial information with the Auditor of State within 60 days as required.

Officials' Response – Officials did not provide a response to this finding.

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Dave Yost • Auditor of State

**MORSE ROAD SPECIAL IMPROVEMENT DISTRICT OF COLUMBUS, INC
FRANKLIN 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
OCTOBER 18, 2016**