

**MORRIS TOWNSHIP
KNOX COUNTY, OHIO**

Regular Audit

For the years ended: December 31, 2024 - 2023



BALESTRA & COMPANY
CPAS / ADVISORS



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

Board of Trustees
Morris Township
PO Box 550
Mount Vernon, Ohio 43050

We have reviewed the *Independent Auditor's Report* of Morris Township, Knox County, prepared by Balestra & Company, for the audit period January 1, 2023 through December 31, 2024. 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. Morris Township is responsible for compliance with these laws and regulations.

KEITH FABER
Ohio Auditor of State

Tiffany L Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

February 04, 2026

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**Morris Township
KNOX COUNTY**

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Serving local governments throughout Ohio, Kentucky, and West Virginia since 1994

INDEPENDENT AUDITOR'S REPORT

Morris Township
Knox County
P.O. Box 550
Mount Vernon, OH 43050

To the Board of Trustees:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Morris Township, Knox County, Ohio (the Township), which comprises the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2024 and December 31, 2023, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental fund type as of and for the years ended December 31, 2024 and December 31, 2023, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 2.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township, as of December 31, 2024 and 2023, or the changes in financial position thereof for the years then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township, and to meet our other ethical responsibilities, in accordance

South Shore, Kentucky

Portsmouth, Ohio

Hurricane, West Virginia

with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 2 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2025, 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 grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's 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 Township's internal control over financial reporting and compliance.



Balestra & Company, PLLC
Portsmouth, Ohio

September 29, 2025

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Morris Township
Knox County, Ohio
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*
All Governmental Fund Types
For the Year Ended December 31, 2024

	General	Special Revenue	Combined Total
Cash Receipts			
Property and Other Local Taxes	\$ 109,406	\$ 219,639	\$ 329,045
Licenses, Permits and Fees	3,500	500	4,000
Intergovernmental	40,186	177,039	217,225
Earnings on Investments	10,546	-	10,546
Miscellaneous	707	6,415	7,122
<i>Total Cash Receipts</i>	<u>164,345</u>	<u>403,593</u>	<u>567,938</u>
Cash Disbursements			
Current:			
General Government	120,947	-	120,947
Public Safety	-	154,682	154,682
Public Works	95	147,487	147,582
Health	1,652	1,646	3,298
Capital Outlay	-	6,750	6,750
<i>Total Cash Disbursements</i>	<u>122,694</u>	<u>310,565</u>	<u>433,259</u>
<i>Net Change in Fund Cash Balances</i>	<u>41,651</u>	<u>93,028</u>	<u>134,679</u>
<i>Fund Cash Balances, January 1</i>	<u>103,436</u>	<u>317,525</u>	<u>420,961</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 145,087</u>	<u>\$ 410,553</u>	<u>\$ 555,640</u>

See accompanying notes to the basic financial statements

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Morris Township
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 1 - Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Morris Township, Knox County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance and cemetery maintenance. The Township contracts with the City of Mount Vernon to provide fire services and emergency medical services.

Jointly Governed Organizations and Public Entity Risk Pool

The Township participates in a jointly governed organizations and a public entity risk pool. Notes 6 and 9 to the financial statements provide additional information for these entities. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which is organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

Gas Tax Fund This fund receives gasoline tax money for constructing, maintaining, and repairing Township roads.

Fire/EMS District Fund This fund is used to account for all financial activities of fire and EMS operations.

Morris Township
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

Appropriations Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. 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 approve estimated resources.

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

A summary of 2024 budgetary activity appears in Note 3.

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Morris Township
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can commit amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classification. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 9.

Morris Township
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2024 follows:

2024 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$114,277	\$164,345	\$50,068
Special Revenue	386,575	403,593	17,018
Total	\$500,852	\$567,938	\$67,086

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$136,437	\$122,694	\$13,743
Special Revenue	437,481	310,565	126,916
Total	\$573,918	\$433,259	\$140,659

Note 4 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Townships deposit and investment accounts are as follows:

	2024
Demand deposits	\$ 342,104
Other time deposits (savings and NOW accounts)	61,223
Total deposits	403,327
STAR Ohio	152,313
Total investments	152,313
Total deposits and investments	\$555,640

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2024, the Township is holding \$0 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. At December 31, 2024, all deposits were insured or collateralized, in accordance to Ohio law.

Morris Township
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Investments

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book- entry form.

Note 5 - Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due February 10. The second half payment is due the following July 10.

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

Note 6 - Risk Management

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability
- Automobile Liability
- Automobile Physical Damage
- Public Officials Liability
- Property and Inland Marine
- Law enforcement liability
- Fidelity and Crime
- Employment Practices Liability
- Cyber Breach and Liability

The Pool reported the following summary of actuarially-measured liabilities and assets available to pay those liabilities as of December 31:

	<u>2024</u>
Cash and investments	\$ 32,822,076
Actuarial liabilities	\$ 12,568,762

Morris Township
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Township contributed an amount equaling 14 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2024.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2024, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2024, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

Note 9 – Jointly Governed Organizations

Fredericktown Community Joint Emergency Ambulance District

The Fredericktown Community Joint Emergency Ambulance District (The District) is a jointly governed organization pursuant to Ohio Revised Code Section 505.71. The District Board consists of six board members which includes one representative from each Township and the Village. The District includes Berlin, Middlebury, Morris, Wayne and Pike Townships and the Village of Fredericktown.

Fredericktown Community Joint Recreation District

Fredericktown Joint Recreation District (The District) is jointly governed by the Village of Fredericktown, Berlin Township, Middlebury Township, Morris Township, Pike Township and Wayne Township. Each Township appoints one board member of the Board and the Village of Fredericktown appoints two, for a total of seven board members.

Morris Township
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2024

Fredericktown Community Joint Fire District

The Fredericktown Community Joint Fire District (The District) is a jointly governed organization pursuant to Ohio Revised Code Section 505.71. The District Board consists of six board members which includes one representative from each Township and the Village. The District includes Berlin, Middlebury, Morris, Wayne and Pike Townships and the Village of Fredericktown.

Note 10 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the Township had no outstanding encumbrances.

The fund balance of special revenue funds is either restricted or committed.

Morris Township
Knox County, Ohio
*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*
All Governmental Fund Types
For the Year Ended December 31, 2023

	General	Special Revenue	Combined Total
Cash Receipts			
Property and Other Local Taxes	\$ 81,643	\$ 178,185	\$ 259,828
Licenses, Permits and Fees	2,541	200	2,741
Intergovernmental	37,719	173,421	211,140
Earnings on Investments	9,726	-	9,726
Miscellaneous	1,279	535	1,814
<i>Total Cash Receipts</i>	<u>132,908</u>	<u>352,341</u>	<u>485,249</u>
Cash Disbursements			
Current:			
General Government	125,975	-	125,975
Public Safety	-	126,550	126,550
Public Works	-	135,339	135,339
Health	1,692	3,836	5,528
Capital Outlay	-	<u>102,797</u>	<u>102,797</u>
<i>Total Cash Disbursements</i>	<u>127,667</u>	<u>368,522</u>	<u>496,189</u>
<i>Net Change in Fund Cash Balances</i>	5,241	(16,181)	(10,940)
<i>Fund Cash Balances, January 1</i>	<u>98,195</u>	<u>333,706</u>	<u>431,901</u>
<i>Fund Cash Balances, December 31</i>	<u>\$ 103,436</u>	<u>\$ 317,525</u>	<u>\$ 420,961</u>

See accompanying notes to the basic financial statements

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Morris Township
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 1 - Reporting Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Morris Township, Knox County, (the Township) as a body corporate and politic. A publicly elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance and cemetery maintenance. The Township contracts with the City of Mount Vernon to provide fire services and emergency medical services.

Jointly Governed Organizations and Public Entity Risk Pool

The Township participates in a jointly governed organizations and a public entity risk pool. Notes 6 and 9 to the financial statements provide additional information for these entities. The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Township's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types which is organized on a fund type basis.

Fund Accounting

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

Gas Tax Fund This fund receives gasoline tax money for constructing, maintaining, and repairing Township roads.

Fire/EMS District Fund This fund is used to account for all financial activities of fire and EMS operations.

Morris Township
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C). This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (C) permit.

Budgetary Process

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

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

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 approve estimated resources.

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

A summary of 2023 budgetary activity appears in Note 3.

Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds are recorded at share values the mutual funds report. Investment in STAR Ohio is measured at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

Capital Assets

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

Morris Township
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes, nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Township and the nonspendable portion of the corpus in permanent funds

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Trustees can commit amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classification. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 10.

Morris Township
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2023 follows:

2023 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$113,671	\$132,908	\$19,237
Special Revenue	311,499	352,341	40,842
Total	\$425,170	\$485,249	\$60,079

2023 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$146,712	\$127,667	\$19,045
Special Revenue	513,350	375,272	138,078
Total	\$660,062	\$502,939	\$157,123

Note 4 – Deposits and Investments

To improve cash management, cash received by the Township is pooled. Monies for all fund are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Townships deposit and investment accounts are as follows:

	2023
Demand deposits	\$215,752
Other time deposits (savings and NOW accounts)	60,755
Total deposits	276,507
STAR Ohio	144,454
Total investments	144,454
Total deposits and investments	\$420,961

The Township does not use a separate payroll clearing account. The expenditures included in the accompanying financial statements reflect net payroll plus all remitted payroll withholdings. At December 31, 2023, the Township is holding \$59,919 in unremitted employee payroll withholdings.

Deposits

Deposits are insured by the Federal Depository Insurance Corporation; or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. At December 31, 2023, all deposits were insured or collateralized, in accordance to Ohio law.

Morris Township
Knox County
Notes to the Financial Statements
For the Year Ended December 31, 2023

Investments

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book- entry form.

Note 5 – Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due February 10. The second half payment is due the following July 10.

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

Note 6 - Risk Management

Risk Pool Membership

The Township is a member of the Ohio Township Association Risk Management Authority (The Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability
- Public official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of actuarially-measured liabilities and assets available to pay those liabilities as of December 31:

	<u>2023</u>
Cash and investments	\$ 33,494,457
Actuarial liabilities	\$ 10,885,549

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Note 7 - Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Township employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% percent of their gross salaries, and the Township contributed an amount equaling 14% percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2023.

Note 8 – Postemployment Benefits

OPERS offers cost-sharing, multiple-employer defined benefit postemployment plans. OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax-free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

Accounts that retirees use to be reimbursed for health care expenses. For calendar year 2023, the portion of OPERS employer contributions allocated to health care was 0 percent for members in the traditional pension plan and 2 percent for members in the combined plan. For 2023, the portion of employer contributions OPERS allocated to health care for members in the member-directed plan was 4.0 percent; however, a portion of the health care rate was funded with reserves.

Note 9 – Jointly Governed Organizations

Fredericktown Community Joint Emergency Ambulance District

The Fredericktown Community Joint Emergency Ambulance District (The District) is a jointly governed organization pursuant to Ohio Revised Code Section 505.71. The District Board consists of six board members which includes one representative from each Township and the Village. The District includes Berlin, Middlebury, Morris, Wayne and Pike Townships and the Village of Fredericktown.

Fredericktown Community Joint Recreation District

Fredericktown Joint Recreation District (The District) is jointly governed by the Village of Fredericktown, Berlin Township, Middlebury Township, Morris Township, Pike Township and Wayne Township. Each Township appoints one board member of the Board and the Village of Fredericktown appoints two, for a total of seven board members.

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Fredericktown Community Joint Fire District

The Fredericktown Community Joint Fire District (The District) is a jointly governed organization pursuant to Ohio Revised Code Section 505.71. The District Board consists of six board members which includes one representative from each Township and the Village. The District includes Berlin, Middlebury, Morris, Wayne and Pike Townships and the Village of Fredericktown.

Note 10 – Fund Balances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end, the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Total
Outstanding Encumbrances	\$0	\$6,750	\$6,750
<i>Total</i>	<u><u>\$0</u></u>	<u><u>\$6,750</u></u>	<u><u>\$6,750</u></u>

The fund balance of special revenue funds is either restricted or committed. These restricted and committed amounts in the special revenue funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 11 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID- 19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. The Township will continue to spend available COVID-19 funding consistent with the applicable program guideline.



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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***

Morris Township
Knox County
P.O. Box 550
Mount Vernon, OH 43050

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the cash balances, receipts, and disbursements for each governmental fund type as of and for the years ended December 31, 2024 and 2023, and the related notes to the financial statements of Morris Township, Knox County, Ohio (the Township), and have issued our report thereon dated September 29, 2025, wherein we noted the Township followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Balestra & Company, PLLC
Portsmouth, Ohio

September 29, 2025

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OHIO AUDITOR OF STATE KEITH FABER



MORRIS TOWNSHIP

KNOX COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

This is a true and correct copy of the report, which is required to be filed pursuant to Section 117.26, Revised Code, and which is filed in the Office of the Ohio Auditor of State in Columbus, Ohio.



Certified for Release 2/17/2026

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov