

**VILLAGE OF MORRAL
MARION COUNTY, OHIO**

Financial Statements
(Audited)

For The Years Ended
December 31, 2009 and 2008

PATTIE WOLFE, FISCAL OFFICER



Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Village of Morral, Marion County, prepared by Julian & Grube, Inc., for the audit period January 1, 2008 through December 31, 2009. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Morral is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

May 21, 2010

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**VILLAGE OF MORRAL
MARION COUNTY, OHIO**

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Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

Members of Council and Mayor
Village of Morral
P.O. Box 156
Morral, Ohio 43337

We have audited the accompanying financial statements of the Village of Morral, Marion County, Ohio, as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Village of Morral's financial statements as listed in the table of contents. These financial statements are the responsibility of the Village of Morral's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 the 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 more fully in Note 2, the Village of Morral has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP requires presenting entity wide statements and also presenting the Village of Morral's larger (i.e. major) funds separately. While the Village of Morral does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require the Village of Morral to reformat their statements. The Village of Morral has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

Independent Auditor's Report
Village of Morral
Page Two

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village of Morral, Marion County, Ohio, as of December 31, 2009 and 2008, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash fund balances of the Village of Morral, Marion County, Ohio, as of and for the years ended December 31, 2009 and 2008, and its combined cash receipts and cash disbursements and combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances for the years then ended on the accounting basis Note 2 describes.

The Village of Morral has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 21, 2010, on our consideration of the Village of Morral's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Julian & Grube, Inc.
April 21, 2010

**VILLAGE OF MORRAL
MARION COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2009 AND 2008

<u>Cash and Cash Equivalents</u>	<u>2009</u>	<u>2008</u>
Cash and Cash Equivalents	\$ 63,686	\$ 45,832
Total Cash and Cash Equivalents	<u>\$ 63,686</u>	<u>\$ 45,832</u>
 <u>Cash Fund Balances</u>		
<u>Governmental Fund Types:</u>		
General Fund	\$ 2,814	\$ (997)
Special Revenue Funds	<u>60,872</u>	<u>46,829</u>
Total Governmental Fund Types	<u>63,686</u>	<u>45,832</u>
Total Fund Balances	<u>\$ 63,686</u>	<u>\$ 45,832</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF MORRAL
MARION COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Property and local taxes	\$ 8,699	\$ 3,648	\$ 12,347
Intergovernmental	22,005	24,681	46,686
Interest	41	298	339
Miscellaneous	2	-	2
Total cash receipts	<u>30,747</u>	<u>28,627</u>	<u>59,374</u>
Cash disbursements:			
Current:			
Security of persons and property	5,850	-	5,850
Public health services	2,989	-	2,989
Community environment	-	1,493	1,493
Transportation	-	11,650	11,650
General government	19,672	-	19,672
Capital outlay	-	1,670	1,670
Total cash disbursements	<u>28,511</u>	<u>14,813</u>	<u>43,324</u>
Total cash receipts over cash disbursements	<u>2,236</u>	<u>13,814</u>	<u>16,050</u>
Other financing receipts:			
Other sources	1,575	229	1,804
Total other financing receipts	<u>1,575</u>	<u>229</u>	<u>1,804</u>
Excess of cash receipts and other financing receipts over cash disbursements	3,811	14,043	17,854
Cash fund balances, January 1, 2009	<u>(997)</u>	<u>46,829</u>	<u>45,832</u>
Cash fund balances, December 31, 2009	<u>\$ 2,814</u>	<u>\$ 60,872</u>	<u>\$ 63,686</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

VILLAGE OF MORRAL
MARION COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2009

Fund Types	Receipts					Prior Year Carryover Appropriations	2009 Appropriations	Total	Actual 2009 Disbursements	Encumbrances Outstanding at 12/31/09	Total	Variance Favorable (Unfavorable)
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2009 Receipts	Variance Favorable (Unfavorable)							
Governmental:												
General	\$ 7,335	\$ 33,000	\$ 40,335	\$ 32,322	\$ (678)	\$ -	\$ 40,485	\$ 40,485	\$ 28,511	\$ 517	\$ 29,028	\$ 11,457
Special Revenue	38,499	21,200	59,699	28,856	7,656	-	47,747	47,747	14,813	338	15,151	32,596
Total (Memorandum Only)	\$ 45,834	\$ 54,200	\$ 100,034	\$ 61,178	\$ 6,978	\$ -	\$ 88,232	\$ 88,232	\$ 43,324	\$ 855	\$ 44,179	\$ 44,053

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF MORRAL
MARION COUNTY, OHIO**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash receipts:			
Property and local taxes	\$ 8,255	\$ 2,862	\$ 11,117
Intergovernmental	23,601	37,194	60,795
Fines, licenses, and permits	2,360	-	2,360
Interest	127	215	342
Miscellaneous	15	-	15
Total cash receipts	<u>34,358</u>	<u>40,271</u>	<u>74,629</u>
Cash disbursements:			
Current:			
Security of persons and property	15,180	-	15,180
Public health services	1,338	-	1,338
Leisure time activities	-	1,501	1,501
Transportation	-	3,566	3,566
General government	21,334	-	21,334
Total cash disbursements	<u>37,852</u>	<u>5,067</u>	<u>42,919</u>
Total cash receipts over/(under) cash disbursements	(3,494)	35,204	31,710
Cash fund balances, January 1, 2008	<u>2,497</u>	<u>11,625</u>	<u>14,122</u>
Cash fund balances, December 31, 2008	<u>\$ (997)</u>	<u>\$ 46,829</u>	<u>\$ 45,832</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

VILLAGE OF MORRAL
MARION COUNTY, OHIO
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS
 AND ENCUMBRANCES COMPARED WITH EXPENDITURE
 AUTHORITY - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2008

Fund Types	Receipts					Prior Year Carryover Appropriations	2008 Appropriations	Total	Actual 2008 Disbursements	Encumbrances Outstanding at 12/31/08	Total	Variance Favorable (Unfavorable)
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2008 Receipts	Variance Favorable (Unfavorable)							
Governmental:												
General	\$ 10,233	\$ 35,000	\$ 45,233	\$ 34,358	\$ (642)	\$ -	\$ 43,884	\$ 43,884	\$ 37,852	\$ -	\$ 37,852	\$ 6,032
Special Revenue	3,888	42,000	45,888	40,271	(1,729)	-	24,526	24,526	5,067	-	5,067	19,459
Total (Memorandum Only)	\$ 14,121	\$ 77,000	\$ 91,121	\$ 74,629	\$ (2,371)	\$ -	\$ 68,410	\$ 68,410	\$ 42,919	\$ -	\$ 42,919	\$ 25,491

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THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF MORRAL
MARION COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 1 - DESCRIPTION OF THE ENTITY

The Village of Morral (the "Village") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Village operates under a council-mayor form of government and provides general governmental services, park maintenance and road repair and maintenance. The Village contracts with the Marion County Sheriff's department to provide security of persons and property. The Salt Rock Volunteer Fire Department provides fire services for the Village.

Management believes the financial statements included in this report represent all of the funds of the Village over which the Village officials have direct operating control.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant of the Village's accounting policies are described below.

A. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the Village are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the Village.

GOVERNMENTAL FUNDS

General Fund

The general fund is used to account for all activities of the Village not required to be included in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

The Village had the following significant special revenue funds:

Street Construction, Maintenance, and Repair Fund (2009 and 2008) - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Park and Recreation Fund (2008) - This fund receives property tax monies for operation of the Village park.

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).

**VILLAGE OF MORRAL
MARION COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

C. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The primary level of budgetary control is at the object level within each department within each fund. Any budgetary modifications at this level may only be made by resolution of the Village's Council. The Village had modifications to appropriations for the years ended December 31, 2009 and December 31, 2008.

Tax Budget:

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Village determines that receipts collected will be greater than or less than the prior estimates, and the Budget Commission finds the revised estimates to be reasonable. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations:

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

**VILLAGE OF MORRAL
MARION COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. There were outstanding encumbrances at December 31, 2009 and there were no outstanding encumbrances at December 31, 2008.

D. CASH AND CASH EQUIVALENTS

For reporting purposes, the Village considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest earned on investments held by the Village is credited to its respective funds. Interest income earned and received by the Village totaled \$339 and \$342 for the years ended December 31, 2009 and 2008, respectively.

E. PROPERTY, PLANT AND EQUIPMENT

Capital assets are not capitalized in any of the Village's funds. Instead, capital acquisition and construction costs are reflected as expenditures in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded.

F. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Village's cash basis method of accounting.

G. TOTAL COLUMNS ON FINANCIAL STATEMENTS

Total columns on the financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

NOTE 3 - COMPLIANCE

- A. The Village did not obtain a reduced amended certificate when the amount of the deficiency reduced available resources below the level of approved appropriations in certain funds in noncompliance with Ohio Revised Code Section 5705.36(A)(4) for the years ended December 31, 2009 and 2008.
- B. The Village had appropriations in excess of resources at year end and throughout the year ended December 31, 2009 in noncompliance with Ohio Revised Code Sections 5705.39 and 5705.36.
- C. The Village did not timely certify expenditures for the years ended December 31, 2009 and December 31, 2008 in noncompliance with Ohio Revised Code Section 5705.41(D).

**VILLAGE OF MORRAL
MARION COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 3 - COMPLIANCE - (Continued)

- D. The Village did not certify to the county the proper fund balances at January 1, 2009 and January 1, 2008 in noncompliance with Ohio Revised Code Section 5705.36.

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The Village 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 were as follows:

	<u>2009</u>	<u>2008</u>
Deposits: Demand deposits	\$ 63,686	\$ 45,832

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

NOTE 5 - PROPERTY TAX

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

Tangible personal property tax is being phased out - the assessment percentage for property, including inventory. This percentage was reduced to 12.5% for 2007, 6.25% for 2008, and was zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the Village due to the phasing out of the tax. In calendar years 2006-2010, the Village will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

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

**VILLAGE OF MORRAL
MARION COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

NOTE 6 - RISK MANAGEMENT

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), a nonassessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management ("OPRM"), are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss, except OPRM retain 15% of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had over 650 members as of December 31, 2008. The Village participates in this coverage.

In August 2007, OGRMP formed the Ohio Plan Healthcare Consortium ("OPHC"), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member's healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of-pocket maximums. OPHC had 40 members as of December 31, 2008. The Village does not participate in this coverage.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2008 and 2007 (the latest information available), and include amounts for both OPRM and OPHC:

	<u>2008</u>	<u>2007</u>
Assets	\$ 10,471,114	\$ 11,136,455
Liabilities	<u>(5,286,781)</u>	<u>(4,273,553)</u>
Members' Equity	<u>\$ 5,184,333</u>	<u>\$ 6,862,902</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

**VILLAGE OF MORRAL
MARION COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

NOTE 7 - RETIREMENT SYSTEM

The Village's employees' belongs to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost sharing, multiple-employer plan. The plan provides retirement benefits, including post-retirement 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 2008 and 2007, OPERS members contributed 10% and 9.5% of their gross salaries, respectively. The Village contributed an amount equal to 14.0% and 13.85% of participants' gross salaries, respectively.

NOTE 8 - CONTINGENT LIABILITY

LITIGATION

The Village is currently not involved in litigation.

NOTE 9 - FISCAL OFFICER

Fiscal Officer Pattie Wolfe took office in April of 2008.



Julian & Grube, Inc.
Serving Ohio Local Governments

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**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

Members of Council and Mayor
Village of Morral
P.O. Box 156
Morral, Ohio 43337

We have audited the financial statements of the Village of Morral, Marion County, Ohio, as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated April 21, 2010, wherein we noted the Village of Morral prepared its financial statements on the cash basis, a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Morral's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village of Morral's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village of Morral's internal control over financial reporting.

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 more than a reasonable possibility what a material misstatement of the Village of Morral's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Members of Council and Mayor
Village of Morral

Compliance and Other Matters

As part of reasonably assuring whether the Village of Morral's financial statements are free of material misstatement, we performed tests of 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, providing an opinion 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 five instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2009-VOM-001 through 2009-VOM-005.

We also noted certain matters not requiring inclusion in this report that we reported to the Village of Morral's management in a separate letter dated April 21, 2010.

Village of Morral's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Village of Morral's responses and, accordingly, we express no opinion on them.

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



Julian & Grube, Inc.
April 21, 2010

**VILLAGE OF MORRAL
MARION COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2009-VOM-001

Ohio Revised Code Section 5705.36 (A)(4) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

At December 31, the Village had appropriations greater than actual resources, which consist of actual revenues and beginning fund balances in the following funds:

<u>Fund Type/Fund</u>	<u>Actual Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<u>2009</u>			
General Fund	\$ 31,325	\$ 40,485	\$ 9,160
<u>Special Revenue:</u>			
Permissive Tax	4,177	16,177	12,000
<u>2008</u>			
General Fund	36,855	43,884	7,029
<u>Special Revenue:</u>			
Park and Recreation	800	1,616	816

By appropriating more funds than actual resources, the Village is at risk of spending more money than is available and not utilizing the budget for its intended purpose. This may result in negative fund balances.

We recommend the Village monitor appropriations in comparison to actual resources and obtain decreased amended appropriations as needed. Further guidance may be found in Auditor of State Bulletin 97-010.

Client Response: The Village is attempting to monitor the budget more closely.

**VILLAGE OF MORRAL
MARION COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2009-VOM-002

Ohio Revised Code Section 5705.39 in part requires that total appropriations from each fund should not exceed total estimated resources.

The Village had appropriations in excess of estimated resources at December 31, 2009 in the following funds:

<u>Fund Type/Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
<u>December 31, 2009</u>			
General	\$ 40,335	\$ 40,485	\$ 150
<u>Special Revenue Fund Type:</u>			
Park and Recreation	1,402	1,820	418
Permissive Tax	-	16,177	16,177

With appropriations exceeding estimated resources, the Village is appropriating monies that are not in the Treasury or in the process of collection that have been certified with the County Auditor. Thus, over appropriating may cause expenditures to increase and cause a deficit fund balance.

We recommend the Village comply with the Ohio Revised Code by monitoring appropriations so they do not exceed estimated resources. This may be achieved by monitoring the budget more closely on a continual basis and amending estimated resources or appropriations as necessary.

Client Response: The Village anticipated receiving money from the County; however, the request was not formally made during the year ended 2009.

Finding Number	2009-VOM-003
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Ohio Revised Code Sections 5705.36, in part, requires Fiscal Officers to certify to the County Auditor the total amount from all sources which are available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

During the year and at the year ended December 31, 2009, the Village did not request enough amended certificates throughout the year upon notice of increased or decreased resources.

The Village is not properly certifying its most current estimated resources to the appropriate authorities and thus causing appropriations to exceed estimated resources.

We recommend that the Village certify its available sources at year end and file amended certificates as necessary throughout the year. This will facilitate the Village's appropriation process.

Client Response: The Village anticipated receiving money from the County; however, the request was not formally made during the year ended 2009.

**VILLAGE OF MORRAL
MARION COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

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

Finding Number	2009-VOM-004
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Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The Village had 38% and 35% of expenditures that were not timely certified for the years ended December 31, 2009 and December 31, 2008, respectively.

Without timely certification, the Village may expend more funds than available in the Treasury, in the process of collection or the funds appropriated. It may also result in unnecessary purchases.

We recommend that all orders or contracts involving the expenditure of money be timely certified to ensure all monies expended are lawfully appropriated and available in the treasury or in the process of collection. A policy and procedure statement adopted by the Council and distributed at least annually may be beneficial. The Village should consider using "Then" and "Now" certificates where applicable.

Client Response: The Village is attempting to use blanket certificates and 'then and now' certificates when applicable.

Finding Number	2009-VOM-005
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Ohio Revised Code Section 5705.36, in part, requires fiscal officers to certify to the County Auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

The Village certified balances that did not agree to the audited financial reports at January 1, 2008 and January 1, 2009.

The Village is not accurately reflecting its various fund balances to the County Auditor for proper certification of available resources to be appropriated.

We recommend that the Village consult with Ohio Compliance Supplement, the Village manual and its auditors to ensure that Village fund balances agree to audited reports. This will enable the County Auditor to perform the proper certification with accurate information. This will in turn allow the Village to properly appropriate funds within its available resources.

Client Response: The previous audit with a previous Fiscal Officer had audit adjustments and a revised certificate of balances was not submitted to the County.

**VILLAGE OF MORRAL
MARION COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	<u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</u>
2007-001	<u>Significant Deficiency/Material Weakness</u> - Review of Monthly Financial Reports - The Clerk/Treasurer did not consistently provide systems-generated reports of financial activity to the Village Council to monitor.	Yes	N/A
2007-002	<u>Significant Deficiency/Material Weakness</u> - Financial Reporting - Adjustments identified should be reviewed by the Clerk/Treasurer and Council to ensure that similar errors are not reported on the financial statements.	Yes	N/A
2007-003	<u>Noncompliance Citation/Significant Deficiency/Material Weakness</u> - Transfer of Funds - Ohio Revised Code Section 5705.14(H) states that except in the case of a transfer from the General Fund to any other fund of the subdivision, transfers authorized by this section shall only be made by resolution of the taxing authority passed with the affirmative vote of two-thirds of the members.	Yes	N/A
2007-004	<u>Noncompliance Citation/Significant Deficiency/Material Weakness</u> - Receipt Posting - Ohio Revised Code Section 5705.10(D) states, in part, all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose is to be paid into a special fund for such purpose.	Yes	N/A

**VILLAGE OF MORRAL
MARION COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2007-005	<u>Noncompliance Citation/Finding for Recovery - Compensation of Clerk/Treasurer - Village Ordinance No. 2004-003 established the maximum allowable compensation of the Village Clerk/Treasurer at \$2,400 per year.</u>	Yes	N/A
2007-006	<u>Noncompliance Citation/Findings Repaid under Audit - Compensation of Council - Village Ordinance No. 1998-008 established the maximum allowable compensation of the Village Council at \$600 per year.</u>	Yes	N/A
2007-007	<u>Noncompliance Citation - Ohio Revised Code Section 9.38 states that a person who is a public official other than a State officer, employee, or agent shall deposit all public monies received by that person with the Treasurer of the public office or properly designed depository on the business day next following the day of receipt, if the total amount of such monies received exceeds one-thousand dollars.</u>	Yes	N/A
2007-008	<u>Noncompliance Citation - Expenditures Exceed Appropriations - Ohio Revised Code Section 5705.41(B) state, in part, that no subdivision or taxing unit shall make any expenditure of money unless it has been appropriated against an appropriate fund.</u>	Yes	N/A

**VILLAGE OF MORRAL
MARION COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2007-009	<u>Noncompliance Citation - Annual Appropriation Measure</u> - Ohio Revised Code Section 5705.38(A) states that on or about the first day of each year the taxing authority of each subdivision or other taxing unit shall pass an appropriation measure, and thereafter during the year it may pass any supplemental appropriation measures as it finds necessary, based on the revised tax budget or the official certificate of estimated resources or amendments of the certificate.	Yes	N/A
2007-010	<u>Noncompliance Citation - Certification of Expenditures</u> - Ohio Revised Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the Clerk/Treasurer is attached thereto.	No	Finding Repeated as 2009-VOM-004



Mary Taylor, CPA
Auditor of State

VILLAGE OF MORRAL

MARION COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 3, 2010**