



Dave Yost • Auditor of State

MORRIS TOWNSHIP
KNOX COUNTY

FOR THE YEAR ENDED DECEMBER 31, 2016 and 2015

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Morris Township
Knox County
PO Box 550
Mount Vernon, Ohio 43050

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Morris Township, Knox County, Ohio, (the Township) as of and for the years ended December 31, 2016 and 2015.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements 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 Township'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 Township'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 audit opinions.

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

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

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* paragraph, the financial statements referred to above 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, 2016 and 2015 or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Morris Township, Knox County, Ohio, as of December 31, 2016 and 2015 and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Emphasis of Matter

As discussed in Note 8 to the financial statements, the January 1, 2015 beginning fund balances have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 15, 2017, 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. 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 Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

August 15, 2017

**MORRIS TOWNSHIP
KNOX COUNTY**

**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Cash Receipts:			
Property and Other Local Taxes	\$ 65,743	\$ 128,069	\$ 193,812
Licenses, Permits and Fees	3,207	550	3,757
Intergovernmental	29,784	125,804	155,588
Earnings on Investments	610	-	610
Miscellaneous	538	210	748
	<u>99,882</u>	<u>254,633</u>	<u>354,515</u>
Total Cash Receipts	<u>99,882</u>	<u>254,633</u>	<u>354,515</u>
Cash Disbursements:			
Current:			
General Government	79,449	-	79,449
Public Safety	-	111,230	111,230
Public Works	691	160,988	161,679
Health	1,847	1,126	2,973
	<u>81,987</u>	<u>273,344</u>	<u>355,331</u>
Total Cash Disbursements	<u>81,987</u>	<u>273,344</u>	<u>355,331</u>
Net Change in Fund Cash Balances	<u>17,895</u>	<u>(18,711)</u>	<u>(816)</u>
Fund Cash Balance, January 1	<u>43,244</u>	<u>135,068</u>	<u>178,312</u>
Fund Cash Balance, December 31			
Restricted	-	116,357	116,357
Assigned	10,256	-	10,256
Unassigned	50,883	-	50,883
<i>Fund Cash Balance, December 31</i>	<u>\$ 61,139</u>	<u>\$ 116,357</u>	<u>\$ 177,496</u>

See accompanying notes to the basic financial statements

**MORRIS TOWNSHIP
KNOX COUNTY**

**COMBINING STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Cash Receipts:			
Property and Other Local Taxes	\$ 65,440	\$ 126,687	\$ 192,127
Licenses, Permits and Fees	1,648	762	2,410
Intergovernmental	33,042	126,148	159,190
Earnings on Investments	190	14	204
Miscellaneous	3,077	1,368	4,445
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	103,397	254,979	358,376
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	100,698	-	100,698
Public Safety	-	91,798	91,798
Public Works	719	141,211	141,930
Health	1,844	-	1,844
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	103,261	233,009	336,270
	<hr/>	<hr/>	<hr/>
Net Change in Fund Cash Balances	136	21,970	22,106
	<hr/>	<hr/>	<hr/>
Fund Cash Balance, January 1, Restated	43,108	113,098	156,206
	<hr/>	<hr/>	<hr/>
Fund Cash Balance, December 31			
Restricted	-	135,068	135,068
Assigned	3,547	-	3,547
Unassigned	39,697	-	39,697
<i>Fund Cash Balance, December 31</i>	<u>\$ 43,244</u>	<u>\$ 135,068</u>	<u>\$ 178,312</u>

See accompanying notes to the basic financial statements

**MORRIS TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Morris Township, Knox County, Ohio (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 and the Fredericktown Community Joint Fire District to provide fire services and emergency medical services.

The Township participates in OTARMA, a public entity risk pool. Note 6 of the Notes to the Financial Statements provide additional information for this entity. Additionally, the Township participates in three jointly governed organizations. Note 7 of the Notes to the Financial Statements provides additional information about these entities

The Township's management believes financial statements present all activities for which the Township is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrators Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than 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 117-2-3 (D) permit.

C. 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 and losses at the time of sale as receipts or disbursements, respectively.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report. The Township values certificates of deposit at cost.

D. Fund Accounting

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

**MORRIS TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

1. 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.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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

Gasoline Tax Fund – This fund receives gasoline tax money to pay 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.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. 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 2016 and 2015 budgetary activity appears in Note 3.

MORRIS TOWNSHIP
KNOX COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015
(Continued)

1. Summary of Significant Accounting Policies (Continued)

F. Fund Balance

Fund balance is divided into five classifications based on 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:

1. **Nonspendable**

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. **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.

3. **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.

4. **Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

5. **Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. 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.

MORRIS TOWNSHIP
KNOX COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015
(Continued)

1. Summary of Significant Accounting Policies (Continued)

G. Property, Plant and Equipment

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

H. Accumulated Leave

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

I. 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, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

2. Equity in Pooled Deposits and Investments

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

<u>2016</u>	
Demand deposits	\$ 30,599.84
Savings account	10,072.67
Certificates of Deposit	<u>69,441.77</u>
Total Deposits	\$110,114.28
STAR Ohio	<u>67,381.93</u>
Total deposits and investments	\$177,496.21

<u>2015</u>	
Demand deposits	\$ 36,606.52
Certificates of Deposit	5,471.43
Money Market Savings Account	<u>69,211.61</u>
Total deposits	\$111,289.56
STAR Ohio	<u>67,023.13</u>
Total deposits and investments	\$178,312.69

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

**MORRIS TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015
(Continued)**

2. Equity in Pooled Deposits and Investments (Continued)

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

3. Budgetary Activity

Budgetary activity for the year ending December 31, 2016 follows:

Fund Type	<u>2016 Budgeted vs. Actual Receipts</u>		Variance
	Budgeted Receipts	Actual Receipts	
General	\$ 93,518	\$ 99,882	\$ 6,364
Special Revenue	<u>\$262,218</u>	<u>\$254,633</u>	<u>\$(7,585)</u>
Total	\$355,736	\$354,515	\$(1,221)

2016 Budgeted vs. Actual Budgetary Basic Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 97,065	\$ 81,987	\$ 15,078
Special Revenue	<u>\$342,906</u>	<u>\$273,344</u>	<u>\$ 69,562</u>
Total	\$439,971	\$355,331	\$ 84,640

Budgetary activity for the year ending December 31, 2015 follows:

Fund Type	<u>2015 Budgeted vs. Actual Receipts</u>		Variance
	Budgeted Receipts	Actual Receipts	
General	\$ 84,960	\$103,397	\$18,437
Special Revenue	<u>\$244,823</u>	<u>\$254,979</u>	<u>\$10,156</u>
Total	\$329,783	\$358,376	\$28,593

**MORRIS TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015
(Continued)**

3. Budgetary Activity (Continued)

2015 Budgeted vs. Actual Budgetary Basic Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$120,142	\$103,261	\$ 16,881
Special Revenue	<u>\$316,550</u>	<u>\$233,009</u>	<u>\$ 83,541</u>
Total	\$436,692	\$336,270	\$100,422

4. Property Tax

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 December 31 (or a date set by the Knox County Treasurer). The second half payment is due the following June 20.

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

5. Retirement Systems

The Township's 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 benefits, which include postretirement healthcare and survivor and disability benefits. The Ohio Revised Code also prescribes contribution rates. For 2015 OPERS members contribute 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

6. Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

**MORRIS TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015
(Continued)**

6. Risk Management (Continued)

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pool Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this agreement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2015, OTARMA retained \$350,000 for casualty and \$250,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported for the following assets, liabilities and retained earnings at December 31, 2015

Assets	\$37,313,311
Liabilities	<u>\$ 8,418,518</u>
Net Assets	\$28,894,793

At December 31, 2015, the liabilities above included approximately \$7.8 million of estimated incurred claims payable. The assets above also include approximately \$7.7 million of unpaid claims to be billed in the future. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Township's share of these unpaid claims collectible in future years is approximately \$3,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

2016 Contributions to OTARMA	\$5,796
2015 Contributions to OTARMA	\$6,356

**MORRIS TOWNSHIP
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2016 and 2015
(Continued)**

6. Risk Management (Continued)

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

7. 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 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.

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.

8. Restatement of Fund Balance

For the year ended December 31, 2014, the Township recorded the Cemetery Funds as Permanent Funds. The Township changed the fund structure in accordance with Ohio Revised Code § 517.15 in December of 2015, which makes the fund classification now a special revenue fund. The restatement resulted in a change in beginning fund balances as detailed below:

	Special Revenue	Permanent
Ending fund balance, December 31, 2014	108,810	4,288
Restatement	4,288	(4,288)
Beginning fund balance, January 1, 2015	113,098	-



Dave Yost • Auditor of State

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
PO Box 550
Mount Vernon, Ohio 43050

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 cash balances, receipts, and disbursements by fund type of Morris Township, Knox County, (the Township as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements and have issued our report thereon dated August 15, 2017, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the Township restated the January 1, 2015 beginning fund balances.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of reasonably assuring whether the Township'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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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 Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

August 15, 2017



Dave Yost • Auditor of State

MORRIS TOWNSHIP

KNOX COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 5, 2017**