



Mary Taylor, CPA
Auditor of State

MORGAN TOWNSHIP
GALLIA COUNTY

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Mary Taylor, CPA
Auditor of State

Morgan Township
Gallia County
4240 Morgan Lane
Vinton, Ohio 45686

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

November 25, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Morgan Township
Gallia County
4240 Morgan Lane
Vinton, Ohio 45686

To the Board of Trustees:

We have audited the accompanying financial statements of Morgan Township, Gallia County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township 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 require presenting entity-wide statements and also presenting the Township's larger (i.e., major) funds separately. While the Township 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 townships to reformat their statements. The Township 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.

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, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2008 and 2007, 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 fund cash balances of Morgan Township, Gallia County, Ohio, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township 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.

As indicated in the financial statements, the Township had a negative fund balance of \$14,232 at December 31, 2007 and \$24,550 as December 31, 2008 in the General Fund. The accompanying financial statements have been prepared assuming that the Township will continue as a going concern. As discussed in Note 7 to the financial statements, the Township's General and Special Revenue Funds in the financial statements were adjusted due to improper postings of receipts and expenditures as well as illegal transfers during the audit period and in prior year resulting in a negative General Fund balance that raises substantial doubt about its ability to continue as a going concern. Note 7 describes Management's plans regarding these matters. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2009, 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. 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*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

November 25, 2009

**MORGAN TOWNSHIP
GALLIA COUNTY**

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

	<u>Governmental Fund Type</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$11,047	\$10,125	\$21,172
Licenses, Permits, and Fees	76		76
Intergovernmental	26,831	107,442	134,273
Earnings on Investments	21	42	63
Miscellaneous	6,907		6,907
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	44,882	117,609	162,491
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	46,735		46,735
Public Safety		11,325	11,325
Public Works	4,000	102,205	106,205
Other	7,722		7,722
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	58,457	113,530	171,987
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under)Cash Disbursements	(13,575)	4,079	(9,496)
	<hr/>	<hr/>	<hr/>
Other Financing Receipts / (Disbursements):			
Sale of Fixed Assets	3,257	723	3,980
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts / (Disbursements)	3,257	723	3,980
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	(10,318)	4,802	(5,516)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	(14,232)	28,476	14,244
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>(\$24,550)</u>	<u>\$33,278</u>	<u>\$8,728</u>

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

**MORGAN TOWNSHIP
GALLIA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>Governmental Fund Type</u>		<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$14,252	\$10,971	\$25,223
Licenses, Permits, and Fees	65		65
Intergovernmental	18,043	110,280	128,323
Earnings on Investments	32	65	97
Miscellaneous	8,926		8,926
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	41,318	121,316	162,634
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	39,565		39,565
Public Safety		10,609	10,609
Public Works		96,057	96,057
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	39,565	106,666	146,231
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under)Cash Disbursements	1,753	14,650	16,403
Fund Cash Balances, January 1	<u>(15,985)</u>	<u>13,826</u>	<u>(2,159)</u>
Fund Cash Balances, December 31	<u><u>(\$14,232)</u></u>	<u><u>\$28,476</u></u>	<u><u>\$14,244</u></u>

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

**MORGAN TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

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 Morgan Township, Gallia 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 Springfield Fire Department to provide fire services and the Gallia County Emergency Medical Services to provide ambulance services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. Note 6 to the financial statements provides additional information for this entity.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. 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 Auditor of State prescribes or permits.

C. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

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 Fund:

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

**MORGAN TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. 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 level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year-end are canceled, and re-appropriated in the subsequent year. The Township did not encumber all commitments required by Ohio law.

A summary of 2008 and 2007 budgetary activity appears in Note 3.

E. 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.

2. Equity in Pooled Deposits

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

	<u>2008</u>	<u>2007</u>
Demand deposits	<u>\$8,728</u>	<u>\$14,244</u>

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

**MORGAN TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$23,367	\$48,139	\$24,772
Special Revenue	111,342	118,332	6,990
Total	\$134,709	\$166,471	\$31,762

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$25,726	\$58,457	(\$32,731)
Special Revenue	141,329	113,530	27,799
Total	\$167,055	\$171,987	(\$4,932)

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$45,074	\$41,318	(\$3,756)
Special Revenue	112,034	121,316	9,282
Total	\$157,108	\$162,634	\$5,526

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$45,160	\$39,565	\$5,595
Special Revenue	130,839	106,666	24,173
Total	\$175,999	\$146,231	\$29,768

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General and Motor Vehicle License Tax Fund by \$32,731 and \$4,181 respectively for the year ended December 31, 2008. Also contrary to Ohio law, the General Fund had a cash deficit balance of \$14,232 at December 31, 2007 and \$24,550 at December 31, 2008.

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. The second half payment is due the following June 20.

**MORGAN TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

4. Property Tax (Continued)

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, OPERS members contributed 10% and 9.5%, respectively, of their gross salaries and the Township contributed an amount equaling 14% and 13.85%, respectively, of participants' gross salaries. The Township has not paid all contributions required through December 31, 2008.

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.

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. OTARMA is a member of the American Public Entity Excess Pool (APEEP). 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 Coverage

For an occurrence prior to January 1, 2006 OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

**MORGAN TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

6. Risk Management (Continued)

If losses exhaust OTARMA's retained earnings, APEEP provides excess of funds available coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (the latest information available):

<u>Casualty Coverage</u>	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	<u>(13,357,837)</u>	<u>(12,120,661)</u>
Net Assets	<u>\$29,852,866</u>	<u>\$29,921,614</u>

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$4,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

**MORGAN TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

6. Risk Management (Continued)

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.

<u>Contributions to OTARMA</u>	
2006	\$3,993
2007	\$3,780
2008	\$3,640

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they give written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary 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. Deficit Fund Balance

At December 31, 2008, the Township had a General Fund deficit cash balance of \$24,550. At December 31, 2007, the Township had a General Fund deficit cash balance of \$14,232. As of the date of this report, the Township has not taken any steps to reduce negative fund balances.

The Township's management will attempt to correct the situation by: 1) Monitoring the General Fund expenditures more closely in the future; 2) Monitoring payroll to ensure that any amounts that may be paid from Special Revenue funds are charged as such; and 3) Contacting the Township legal counsel concerning transferring a portion of the Fire Levy Fund balance to the General Fund.



Mary Taylor, CPA

Auditor of State

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

Morgan Township
Gallia County
4240 Morgan Lane
Vinton, Ohio 45686

To the Board of Trustees:

We have audited the financial statements of Morgan Township, Gallia County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated November 25, 2009, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Township had a negative fund balance of \$14,232 at December 31, 2007 and \$24,550 as December 31, 2008 in the General Fund. The accompanying financial statements have been prepared assuming that the Township will continue as a going concern. 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*.

Internal Control over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting: 2008-005 through 2008-008.

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A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe findings number 2008-005 to 2008-008 are also material weaknesses.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated November 25, 2009.

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, 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 instances of noncompliance or other matters that we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2008-001 to 2008-006.

We also noted certain noncompliance or other matters that we reported to the Township's management in a separate letter dated November 25, 2009.

The Township's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management and Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

November 25, 2009

**MORGAN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

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

FINDING NUMBER 2008-001

Noncompliance Citation

Ohio Rev. Code Section 5705.10(H) requires that money paid into a fund must be used only for the purposes for which such fund has been established.

The Township had deficit cash fund balances in various funds throughout 2007 and 2008. A negative fund balance of \$14,232 existed in the General Fund at December 31, 2007. A negative fund balance of \$24,550 existed in the General Fund at December 31, 2008. At December 31, 2008, the Township showed budgetary expenditures exceeding beginning fund balance plus actual receipts and carryover appropriations in the General Fund of \$7,959 and Motor Vehicle License Tax Fund of \$2,417.

Fund	Budgetary Expenditures	Beginning Fund Balance per Certificate of Estimated Resources	Actual Receipts	Carryover Appropriations	Amount Expenditures Exceed Receipts+Beginning Balance+Carryover Appropriations
General Fund	\$ 58,457	\$ 2,359	\$ 48,139	\$ 0	\$ (7,959)
Motor Vehicle License Tax Fund	20,469	58	17,994	0	(2,417)

This condition can lead to negative fund balances. A deficit cash fund balance indicates that money from one fund was used to cover the expenses of another fund. Further, this situation has resulted in the Township experiencing financial difficulty.

We recommend that money paid into a fund be used only for the purposes for which such fund was established. Expenditures should not be permitted from funds with no balance or with a negative balance. Steps should be identified and implemented that would help the Township reduce spending or increase revenue or both.

Client Response: We are now on UAN.

FINDING NUMBER 2008-002

Noncompliance Citation

Ohio Revised Code Section 5705.14 states in part that, except in the case of transfers from the general fund, transfers can be made only by resolution of the taxing authority passed with the affirmative vote of two thirds of the members.

The Fiscal Officer recorded a \$10,370 transfer from the Fire Levy Fund to the General Fund and a \$3,000 transfer from the Gasoline Tax Fund to the General Fund in 2007 without authorization from the Board of Trustees. The audited financial statements have been adjusted to eliminate this transfer since it was not legally approved.

MORGAN TOWNSHIP
GALLIA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)

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

FINDING NUMBER 2008-002

Noncompliance Citation - Ohio Revised Code Section 5705.14 (Continued)

We recommend the Fiscal Officer ensure that all transfers between funds be properly authorized by the Board of Trustees and recorded in the minute record.

Client Response: Fiscal Officer is in the process of working with the County Prosecutor to resolve this issue.

FINDING NUMBER 2008-003

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing unit from spending money unless it has been appropriated.

Expenditures exceeded appropriations at December 31, 2008 in the following funds:

Fund	Budgetary Expenditures	Approved Appropriations	Amount Expenditures Exceed Appropriations
General Fund	\$ 58,457	\$ 25,726	\$ 32,731
Motor Vehicle License Tax Fund	20,469	16,288	4,181

Expenditures exceeding appropriations can result in overspending available resources and deficit fund balances.

We recommend the Fiscal Officer not certify the availability of funds or approve payment requests exceeding appropriations. The Fiscal Officer may request the Board of Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources if necessary.

Client Response: We are now on UAN.

FINDING NUMBER 2008-004

Noncompliance Citation

Ohio Rev. 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 Fiscal Officer is attached thereto. The Fiscal Officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

**MORGAN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2008-004 (Continued)

Noncompliance Citation- Ohio Rev. Code Section 5705.41(D)(1) (Continued)

There are several exceptions to the standard requirement stated above that a Fiscal Officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D) (1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **"Then and Now" Certificate** – If the Fiscal Officer can certify that both at the time that the contract or order was made ("then"), and at the time that the Fiscal Officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the Fiscal Officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

2. **Blanket Certificate** – Fiscal Officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. **Super Blanket Certificate** – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the Fiscal Officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Fiscal Officer did not certify the availability of funds prior to purchase commitments for 61 percent of the expenditures tested in 2007 and 68 percent of the expenditures tested in 2008. The Township did not have sufficient internal control in place to ensure the certification of the availability of funds. Failure to certify the availability of funds properly can result in overspending funds and negative cash fund balances.

Unless the Township uses the exceptions noted above, prior certification is not only required by statute but is also a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that funds are or will be available prior to obligation by the Township. When prior certification is not possible, "then and now" certification should be used.

**MORGAN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2008-004 (Continued)

Noncompliance Citation- Ohio Rev. Code Section 5705.41(D)(1) (Continued)

We recommend the Township Officials and employees obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language Ohio Revised Code Section 5705.41(D) required to authorize disbursements. The Fiscal Officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of Ohio Revised Code Section 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

Client Response: We are now on UAN.

FINDING NUMBER 2008-005

Noncompliance Citation/Material Weakness

Ohio Admin. Code Section 117-2-02(A) requires public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

Per Ohio Admin. Code Section 117-2-02(D), accounting records that can help achieve these objectives include the following:

1. Cash journal, which typically includes the amount, date, receipt number, check number, account code, purchase order number, and any other information necessary to properly classify the transaction.
2. Receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund.
3. Appropriation ledger, which assembles and classifies disbursements into separate accounts, for at a minimum, each account listed in the appropriation resolution.
4. In addition, all local public offices should maintain or provide payroll records including:
 - i. W-2 forms, W-4 forms and other withholding records and authorizations;
 - ii. Payroll journal that records, assembles and classifies by pay period the name of employee, social security number, hours worked, wage rates, pay date, withholdings by type, net pay, and other compensation paid to an employee (such as a termination payment), and the fund and account charged for the payments;
 - iii. Check register that includes, in numerical sequence, the check number, payee, net amount, and the date;
 - iv. Information regarding non-monetary benefits such as car usage and life insurance; and
 - v. Information, by employee, regarding leave balances and usage.

Using these accounting records will provide the Township with information required to monitor compliance with the budget and prepare annual reports in the format required by the Auditor of State.

**MORGAN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2008-005 (Continued)

Noncompliance Citation/Material Weakness - Ohio Admin. Code Section 117-2-02(A) (Continued)

During 2008 and 2007, the Township maintained a cash journal but the cash journal was not reconciled with the bank balances and did not include all receipt and disbursement transactions. Furthermore, a receipts ledger and appropriation ledger was maintained in 2007 but not 2008. Those ledgers did not consistently agree to the cash journal in check number, amount, of fund posted. The receipts ledger and appropriation ledger were also incomplete as the Fiscal Officer posted some information to the cash journal but not the receipts or appropriation ledger. Additionally, the receipts ledger did not always include receipt numbers and the appropriation ledger did not include encumbrances. The cash journal did not foot for several funds in 2007 and no monthly balance totals were recorded in 2008. There were also footing errors noted in the payroll ledgers. As a result, the Township was unable to accurately classify receipts by source or disbursements by purpose for December 31, 2008 and 2007.

We recommend the Township properly maintain the accounting records and reconcile the cash journal to the bank balances and to the receipts ledger and appropriation ledger monthly.

Client Response: We are now on UAN.

FINDING NUMBER 2008-006

Noncompliance Citation/Material Weakness

Ohio Admin. Code Sections 117-2-01(D)(3) and (5) state that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The Fiscal Officer did not prepare monthly bank reconciliations to reconcile the bank statements to the cash journal. Not performing these monthly reconciliations resulted in errors that went undetected by the Fiscal Officer. This resulted in the Township financial records being inaccurate and carrying incorrect fund balances.

We recommend the Fiscal Officer prepare monthly bank reconciliations in a timely manner so that reconciling items can be easily identified and corrections, if necessary, can be made in a timely manner. These reconciliations should be reviewed and approved by the Board of Trustees.

Client Response: We are now on UAN.

FINDING NUMBER 2008-007

Material Weakness

Ohio Admin. Code Section 117-2-01(D)(4) states that when designing the public office's system of internal control and the specific control activities, management should plan for adequate segregation of duties or compensating controls.

**MORGAN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING NUMBER 2008-007 (Continued)

Material Weakness (Continued)

The size of the Township's staff did not allow for an adequate segregation of duties; the Fiscal Officer performed all accounting functions, including receipting, depositing, disbursing, and reconciling. It is therefore important that the Board of Trustees monitor financial activity closely.

The Trustees review of financial reports was limited. The Fiscal Officer maintained the cash journal and monthly financial report showing total balances, receipts, and disbursements by fund. There was, however, no consistent Board signature or approval in the minute record proving board review. The cash journal was not reconciled to the bank balances and the receipt and appropriation ledgers were incomplete. Therefore, the records provided to the Trustees did not provide any reliance that internal controls were in place. Bank reconciliations were not formally prepared so there were no processes or procedures in place to ensure transactions were posted in the proper period. Further, no processes exist to identify unusual fluctuations between accounts or between fiscal years.

We noted during our testing of budgetary compliance that estimated resources and appropriations were not recorded in the manual ledger accounting system. This prevents accurate monitoring by the Board of Trustees and could result in an inaccurate presentation of budget to actual financial reports.

We recommend the Fiscal Officer maintain record of budget and actual information in a format easily reviewable by the Board of Trustees. We further recommend the Board of Trustees review detailed financial reports, budget versus actual information, and bank reconciliations on a monthly basis. This should be documented in the minute record and/or initialed and dated as reviewed. We also recommend the Trustees make appropriate inquiries to help determine the continued integrity of financial information.

Appropriate inquiries would include:

- Are current receipts sufficient to cover expenditures?
- Are receipts and expenditures in line with prior years?
- If unusual fluctuations in receipts or expenditures occur, is the reason understood?
- Are anticipated receipts being received in a timely manner?

The information obtained as a result of such reviews and inquiries will provide important data necessary to properly manage the Township.

Client Response: We will be more specific in the notes.

FINDING NUMBER 2008-008

Material Weakness

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

**MORGAN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2008-008 (Continued)

Material Weakness (Continued)

As a result of the audit procedures performed, we noted the following errors in the financial statements that required audit adjustment or reclassification:

2007: The Fiscal Officer improperly posted receipts and expenditures as follows:

- The Township misstated beginning balances for 2007. These errors resulted in required adjustments to the financial statements as follows:
 - General Fund – Beginning Balances decreased by \$16,071.
 - Motor Vehicle License Tax – Beginning Balances increased by \$1,401.
 - Gasoline Tax Fund – Beginning Balances decreased by \$7,216.
 - Fire District Levy Fund – Beginning Balances increased by \$11,206.
- The Township incorrectly posted various expenditures by charging them to inappropriate functions of the Township. These errors resulted in required adjustments to the financial statements as follows:
 - Motor Vehicle License Tax – General Government decreased \$16,318.
 - Motor Vehicle License Tax – Public Works increased \$16,318.
 - Gasoline Fund – Public Works increased \$79,740.
 - Gasoline Fund – General Government decreased \$79,740.
- The Township incorrectly posted several receipts to inappropriate Funds and/or programs. These errors resulted in required adjustments to the financial statements as follows:
 - General Fund – Intergovernmental Receipts decreased \$5,413.
 - General Fund – Miscellaneous Receipts decreased \$2,302.
 - Motor Vehicle License Fund – Intergovernmental Receipts increased \$1,502.
 - Gasoline Tax Fund – Intergovernmental Receipts increased \$5,153.
 - Fire District Levy Fund – Intergovernmental Receipts increased \$1,059.
- The Township incorrectly posted transfers for which there was no Board of Trustee authorization. These errors resulted in required adjustments to the financial statements as follows:
 - General Fund – Transfers In decreased \$13,370.
 - Gasoline Tax Fund – Transfers Out decreased \$3,000.
 - Fire District Levy Fund – Transfers Out decreased \$10,370.
- The Township incorrectly posted, double posted, or failed to post various receipts and expenditures throughout the year. Due to the Fiscal Officer failing to reconcile the accounting records to the bank, these items resulted in reconciling items that were not identified or corrected during the audit period. These errors resulted in required adjustments to the financial statements as follows:
 - Gasoline Tax Fund – Intergovernmental Receipts decreased \$4,659.
 - Gasoline Tax Fund – General Governmental increased \$133.
 - General Fund – General Government increased \$630.
 - General Fund – Property Tax Receipts decreased \$16.
 - Fire District Levy Fund – Property Tax Receipts decreased \$16.
 - General Fund – Intergovernmental Receipts decreased \$1,087.
 - Motor Vehicle License Tax Fund – General Government increased \$2,088.
 - General Fund – Ending Balance decreased \$1,733.
 - Motor Vehicle License Tax Fund – Ending Balance decreased \$2,088.
 - Fire District Levy Fund – Ending Balance decreased \$16.
 - Gasoline Tax Fund – Ending Balance decreased \$4,792.

**MORGAN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2008-008 (Continued)

Material Weakness (Continued)

- The Fiscal Officer prepared financial statements for 2007, which did not agree to underlying Township financial records. This error resulted in required adjustments to the financial statements as follows:
 - General Fund – Property Tax Receipts decreased \$2.
 - General Fund – Licenses, Permits, and Fees Receipts increased \$6.
 - General Fund – Intergovernmental Receipts increased \$4,248.
 - General Fund – General Government decreased \$18,112.
 - General Fund – Transfers In Increased \$13,370.
 - General Fund – Ending Balance increased \$35,734.
 - Motor Vehicle License Tax Fund – Licenses, Permits, and Fees decreased \$7,864.
 - Motor Vehicle License Tax Fund – Intergovernmental Receipts increased \$7,865.
 - Motor Vehicle License Tax Fund – Interest Receipts decreased \$1.
 - Motor Vehicle License Tax Fund – General Government increased \$1,411.
 - Motor Vehicle License Tax Fund – Ending Balance decreased \$1,411.
 - Gasoline Tax Fund – Intergovernmental Receipts increased \$3,008.
 - Gasoline Tax Fund – Interest Receipts increased \$2.
 - Gasoline Tax Fund – General Government decreased \$2,061.
 - Gasoline Tax Fund – Transfer Out increased \$3,000.
 - Gasoline Tax Fund – Ending Balance increased \$2,071.
 - Fire District Levy – Public Safety increased \$820.
 - Fire District Levy – Transfers Out increased \$10,370.
 - Fire District Levy Fund – Ending Balance decreased \$11,190.

2008: The Fiscal Officer improperly posted receipts and expenditures as follows:

- Due to various adjustments required by audit in the 2007 financial statements as stated above, the 2008 funds' beginning balances required the following adjustments:
 - General Fund – Beginning Balance decreased \$20,395.
 - Motor Vehicle License Tax Fund – Beginning Balance decreased \$596.
 - Fire District Levy Fund – Beginning Balance increased \$11,429.
 - Gasoline Tax Fund – Beginning Balance increased \$2,086.
- The Fiscal Officer incorrectly posted various expenditures by charging them to inappropriate funds and/or functions of the Township. The Fiscal Officer also incorrectly voided check 11519. These errors resulted in required adjustments to the financial statements as follows:
 - Fire District Levy Fund – Public Safety increased \$11,325.
 - Fire District Levy Fund – Ending Fund Balance decreased \$1,216.
 - Motor Vehicle License Tax Fund – Other Expenditures decreased \$20,469.
 - Motor Vehicle License Tax Fund – Public Works increased \$20,469.
 - Gasoline Tax Fund – Other Expenditures decreased \$34,190.
 - Gasoline Tax Fund – Public Works increased \$81,736.
 - Gasoline Tax Fund – General Government decreased \$47,546.
 - Fire District Levy Fund – Other Expenditures decreased \$10,109.
 - Fire District Levy Fund – Public Safety increased \$10,109.
 - General Fund – Public Works increased \$4,000.
 - General Fund – Other Expenditure decreased \$4,000.

**MORGAN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2008-008 (Continued)

Material Weakness (Continued)

- The Fiscal Officer incorrectly posted several receipts to inappropriate funds and/or programs. These errors resulted in required adjustments to the financial statements as follows:
 - General Fund – Property Tax Receipts decreased \$2,981.
 - General Fund – Intergovernmental Receipts decreased \$6,755.
 - Gasoline Tax Fund – Intergovernmental Receipts increased \$4,880.
 - Fire District Levy Fund – Intergovernmental Receipts increased \$4,856.
- The Fiscal Officer incorrectly posted expenditure during the year. Due to the Fiscal Officer failing to reconcile the accounting records to the bank, these items resulted in reconciling items that were not identified or corrected during the audit period. This error resulted in a required adjustment to the financial statements as follows:
 - Gasoline Tax Fund – General government increased \$20.
 - Gasoline Tax Fund – Ending Balance decreased \$20.
- The Fiscal Officer prepared financial statements for 2008, which did not agree to underlying Township financial records. This error resulted in required adjustments to the financial statements as follows:
 - General Fund – Property Tax Receipts decreased \$39.
 - General Fund – Licenses, Permits, and Fees Receipts increased \$76.
 - General Fund – Intergovernmental Receipts increased \$23,979.
 - General Fund – Interest Receipts increased \$21.
 - General Fund – Miscellaneous Receipts decreased \$27,309.
 - General Fund – General Government increased \$2,297.
 - General Fund – Other Expenditures decreased \$4,330.
 - General Fund – Sale of Fixed Assets increased \$3,257.
 - General Fund – Ending Balance increased \$2,018.
 - General Fund – Transfers In Increased \$13,370.
 - Motor Vehicle License Tax Fund – Miscellaneous Receipts decreased \$17,994.
 - Motor Vehicle License Tax Fund – Intergovernmental Receipts increased \$17,973.
 - Motor Vehicle License Tax Fund – Interest Receipts increased \$21.
 - Gasoline Tax Fund – Sale of Fixed Assets increased \$723.
 - Gasoline Tax Fund – Intergovernmental Receipts increased \$79,733.
 - Gasoline Tax Fund – Interest Receipts increased \$21.
 - Gasoline Tax Fund – Miscellaneous Receipts decreased \$80,477.
 - Gasoline Tax Fund – General Government increased \$2,908.
 - Gasoline Tax Fund – Other Expenditures decreased \$2,910.
 - Gasoline Tax Fund – Ending Balance increased \$2.
 - Fire District Levy Fund – Property Tax Receipts increased \$10,125.
 - Fire District Levy – Miscellaneous Receipts decreased \$10,122.
 - Fire District Levy –Ending Balance increased \$3.

Lack of due care in posting correctly resulted in audit adjustments. The audited financial statements and the Township's accounting system reflect the above adjustments.

**MORGAN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>

FINDING NUMBER 2008-008 (Continued)

Material Weakness (Continued)

To ensure the Township's financial statements and notes to the financial statements are complete and accurate, we recommend that the Fiscal Officer review the Township Handbook for guidance on the correct line item to post various receipts and expenditures of the Township.

Client Response: UAN will help greatly and we will put more information into the minutes.

**MORGAN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	A material citation was issued under Ohio Rev. Code Section 5705.10 for deficit fund balances.	No	Not Corrected: Repeated in the accompanying Schedule of Findings as Finding Number 2008-001.
2006-002	A material citation was issued under Ohio Rev. Code Section 5705.36(A)(2) for estimated receipts exceeding actual receipts causing total appropriations to exceed actual resources.	No	Partially Corrected. See comment in a separate letter issued to management.
2006-003	A material citation was issued under Ohio Rev. Code Section 5705.39 for total appropriations exceeding estimated resources.	Yes	
2006-004	A material citation was issued under Ohio Rev. Code Section 5705.41(B) for expenditures exceeding appropriations.	No	Not Corrected: Repeated in the accompanying Schedule of Findings as Finding Number 2008-003.
2006-005	A material citation was issued under Ohio Rev. Code Section 5705.41(D)(1) for encumbrance method of accounting not being followed.	No	Not Corrected: Repeated in the accompanying Schedule of Findings as Finding Number 2008-004.
2006-006	A material citation was issued under Ohio Admin. Code Section 117-2-02(A) for inadequate and mathematically inaccurate records.	No	Not Corrected: Repeated in the accompanying Schedule of Findings as Finding Number 2008-005.
2006-007	A material citation was issued under Ohio Admin. Code Section 117-2-01(D)(4) for inadequate legislative monitoring.	No	Not Corrected: Repeated in the accompanying Schedule of Findings as Finding Number 2008-007.

**MORGAN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007
(Continued)**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-008	A material citation was issued under Ohio Admin. Code Section 117-2-01(D)(3) and (5) for Fiscal Officer failing to prepare bank reconciliations.	No	Not Corrected: Repeated in the accompanying Schedule of Findings as Finding Number 2008-006.
2006-009	A material citation was issued under Ohio Rev. Code Section 505.24(C) for paying Trustees salaries from restricted funds without justification and paying Fiscal Officer salary from restricted funds.	Yes	



Mary Taylor, CPA
Auditor of State

MORGAN TOWNSHIP

GALLIA 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
DECEMBER 22, 2009**