



Dave Yost • Auditor of State

MORGAN TOWNSHIP
GALLIA COUNTY

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Dave Yost • 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 Township 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.

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Dave Yost
Auditor of State

November 14, 2011

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Dave Yost • 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, 2010 and 2009. 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.

Except as noted below, 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.

The accompanying financial statement for the year ended December 31, 2009 presents receipts and disbursements by the fund and combined fund type totals. Ohio Administrative Code Section 117-2-02 (A) requires governments to classify receipt and disbursement transactions.

As described more fully in Note 1, the Township has prepared the financial statements for the year ended December 31, 2010 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 third 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, 2010 and 2009 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, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, because of the effects of the matter referred to in paragraph three above, the financial statement for the year ended December 31, 2009 does not present fairly, in all material respects, the combined fund cash balance of Morgan Township, Gallia County, as of December 31, 2009 and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

We were unable to obtain sufficient evidence to support the amounts allocated in the General Fund for General Government Disbursements of \$28,027 and Human Services Disbursements of \$29,608 which total \$57,635, or 56% of total General Fund Disbursements for the year ended December 31, 2010. We were also unable to obtain sufficient evidence to support the amount allocated in the Gasoline Tax Special Revenue Fund for Other Disbursements in the amount of \$25,933, or 18% of total Special Revenue Fund Disbursements for the year ended December 31, 2010.

Further, in our opinion, except for the effect of such reclassifications, if any, as might have been determined to be necessary had we been able to examine sufficient evidence to support the allocation of General Fund General Government and Human Services Disbursements and Gasoline Tax Special Revenue Fund Other Disbursements, the financial statement referred to above presents fairly, in all material respects, the combined fund cash balances of Morgan Township, Gallia County, Ohio, as of December 31, 2010, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

As discussed in Note 8 to the financial statements, the Township had a General Fund deficit cash balance as of December 31, 2010 and December 31, 2009, which indicated the Township was having financial difficulty. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

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.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2011, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

November 14, 2011

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**MORGAN TOWNSHIP
GALLIA TOWNSHIP**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Type</u>		Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$20,713	\$12,741	\$33,454
Charges for Services	648		648
Licenses, Permits, and Fees	79		79
Intergovernmental	21,398	111,935	133,333
Earnings on Investments	15	29	44
Miscellaneous	8,591	4,769	13,360
	<u>51,444</u>	<u>129,474</u>	<u>180,918</u>
Cash Disbursements:			
Current:			
General Government	28,027	373	28,400
Public Safety		5,763	5,763
Public Works		76,573	76,573
Human Services	29,608		29,608
Other		29,073	29,073
Capital Outlay	43,218	22,013	65,231
Debt Service:			
Redemption of Principal	1,007	9,822	10,829
Interest and Other Fiscal Charges	219	2,443	2,662
	<u>102,079</u>	<u>146,060</u>	<u>248,139</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(50,635)</u>	<u>(16,586)</u>	<u>(67,221)</u>
Other Financing Receipts / (Disbursements):			
Other Debt Proceeds	43,260	22,013	65,273
	<u>43,260</u>	<u>22,013</u>	<u>65,273</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	(7,375)	5,427	(1,948)
Fund Cash Balances, January 1	(24,260)	36,068	11,808
Fund Cash Balances, December 31	<u>(\$31,635)</u>	<u>\$41,495</u>	<u>\$9,860</u>
Reserve for Encumbrances, December 31		<u>\$2,259</u>	<u>\$2,259</u>

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

**MORGAN TOWNSHIP
GALLIA COUNTY**

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

	Restated Balance 1/1/2009	Receipts	Disbursements	Balance 12/31/2009
General	(\$27,663)	\$62,588	\$59,185	(\$24,260)
Special Revenue:				
Motor Vehicle License Tax	3,211	17,673	18,083	2,801
Gasoline Tax	4,174	86,843	87,458	3,559
Fire Levy	28,985	11,017	10,294	29,708
Total Special Revenue	<u>36,370</u>	<u>115,533</u>	<u>115,835</u>	<u>36,068</u>
Total All Funds	<u>\$8,707</u>	<u>\$178,121</u>	<u>\$175,020</u>	<u>\$11,808</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, 2010 AND 2009**

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 Township Fire Department to provide fire services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. Note 7 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, 2010 AND 2009
(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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must 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 carried over, and need not be reappropriated. The Township did not encumber all commitments required by Ohio law.

A summary of 2010 and 2009 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>2010</u>	<u>2009</u>
Demand deposits	<u>\$9,860</u>	<u>\$11,808</u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation or collateralized by securities specifically pledged by the financial institution to the Township.

**MORGAN TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$54,697	\$94,704	\$40,007
Special Revenue	110,948	151,487	40,539
Total	\$165,645	\$246,191	\$80,546

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$56,000	\$102,079	(\$46,079)
Special Revenue	124,402	148,319	(23,917)
Total	\$180,402	\$250,398	(\$69,996)

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$59,149	\$62,588	\$3,439
Special Revenue	112,949	115,533	2,584
Total	\$172,098	\$178,121	\$6,023

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$56,600	\$59,185	(\$2,585)
Special Revenue	122,303	115,835	6,468
Total	\$178,903	\$175,020	\$3,883

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the following funds at December 31, 2010: General Fund \$46,079; Motor Vehicle License Tax Fund \$170; and Gasoline Tax Fund \$35,812; and in the following funds at December 31, 2009: General Fund \$2,585; Motor Vehicle License Tax Fund \$558; and Gasoline Tax Fund \$5,468.

Contrary to Ohio law, money from one fund was used to cover the expenses of another fund resulting in the General Fund having deficit cash balances of (\$24,260) at December 31, 2009 and (\$31,635) at December 31, 2010.

Contrary to Ohio law, the Board of Trustees did not request a reduced Certificate of Estimated Resources for the years 2009 and 2010 for appropriations exceeding actual receipts plus the unencumbered fund balance in the General Fund.

**MORGAN TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

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.

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. Debt

Debt outstanding at December 31, 2010 was as follows:

	Principal	Interest Rate
Truck and Equipment Loan	\$54,456	4.75%
Total	\$54,456	

The Township obtained a bank loan in the amount of \$65,285 to finance the purchase of an F-450 Dump Truck with Snow Blades.

Amortization of the above debt, including interest, is scheduled as follows:

	Truck & Equipment Loan
Year ending December 31:	
2011	\$14,718
2012	14,718
2013	14,718
2014	14,718
2015	1,226
Total	\$60,098

**MORGAN TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

6. 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 this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OPERS members contributed 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, 2010.

7. 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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2010, OTARMA retained \$350,000 for casualty claims and \$150,000 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.

**MORGAN TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

7. Risk Management (Continued)

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, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Assets	\$35,855,252	\$38,982,088
Liabilities	<u>(10,664,724)</u>	<u>(12,880,766)</u>
Net Assets	<u>\$25,190,528</u>	<u>\$26,101,322</u>

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$9.9 and \$12.0 million of estimated incurred claims payable. The assets above also include approximately \$9.5 and \$11.5 million of unpaid claims to be billed to approximately 940 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Township's share of these unpaid claims collectible in future years is approximately \$2,245.

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>	
<u>2010</u>	<u>2009</u>
\$3,737	\$3,149

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.

**MORGAN TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

8. Deficit Fund Balance

At December 31, 2010 and December 31, 2009, the Township had deficit fund cash balances of (\$31,635) and (\$24,260), respectively, in the General Fund. As of the date of this report, the Township has not taken any steps to reduce the negative fund balances.

9. Restatement of Balances

The January 1, 2009 balances were restated due to prior receipt amounts which were posted to the incorrect funds as follows:

Fund	December 31, 2008 Audited Balance	January 1, 2009 Restated Balance	Restatement Amount
General Fund	(\$24,550)	(\$27,663)	(\$3,113)
Motor Vehicle License Tax	705	3,211	2,506
Gasoline Tax	8,000	4,174	(3,826)
Fire Tax Levy Fund	24,573	28,985	4,412

10. Liabilities and Outstanding Amounts Owed

During 2011, the Township has received notice that they owe the Internal Revenue Service \$24,500 in back taxes for failure to remit medicare and penalties and interest. Also, the Internal Revenue Service has filed a lien against the property of Morgan Township.

During 2011, the Township was given notice that they owe the State \$21,200 due to receiving another Township's receipts for six years. A payment plan has been established and they now owe approximately \$17,000.

At December 31, 2010, the Township owed the Gallia County Engineer \$15,971 for gravel and road materials.

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Dave Yost • 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 year ended December 31, 2010 and 2009, and have issued our report thereon dated November 14, 2011 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 issued an adverse opinion on the financial statement for the year ended December 31, 2009 due to the Township presenting receipts and disbursements by the fund and combined fund type totals. We also qualified our opinion on the financial statements for the year ended December 31, 2010 because we were unable to obtain sufficient evidence to support the allocation of certain disbursements in the General and Special Revenue Funds. Furthermore, we noted the Township had a negative General Fund balance of \$24,260 as of December 31, 2009 and \$31,635 at December 31, 2010. Except as previously described, 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider Findings 2010-01 through 2010-04 and 2010-10 described in the accompanying Schedule of Findings to be material weaknesses.

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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 we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2010-04 through 2010-09.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated November 14, 2011.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

November 14, 2011

**MORGAN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009**

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

FINDING NUMBER 2010-01

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.

FINDING NUMBER 2010-02

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.

The size of the Township's staff did not allow for an adequate segregation of duties; the Township 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.

**MORGAN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

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

FINDING NUMBER 2010-02 (Continued)

Material Weakness - Ohio Admin. Code Section 117-2-01(D)(4) (Continued)

We recommend the Fiscal Officer maintain record of budget and actual information in a format easily reviewable by the Township 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 Township 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.

FINDING NUMBER 2010-03

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.

**MORGAN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2010-03 (Continued)

Material Weakness - Ohio Admin. Code Sections 117-2-02(A) and 117-2-02(D) (Continued)

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.

The Township began using the Uniform Accounting Network accounting system in 2009 and the Fiscal Officer received training to operate the new system. However, the Township discontinued use of the system during the same year and reverted back to a manual accounting system.

During 2010 and 2009, the Township maintained a cash journal but the cash journal was not reconciled with the bank balances. In addition, the cash journals contained footing errors and missing check dates. Furthermore, a receipts ledger and appropriation ledger were maintained in 2010 but not in 2009. As a result, the Township was unable to accurately classify receipts by source or disbursements by purpose for December 31, 2009. In addition, the 2010 receipt and appropriation ledgers did not consistently agree to the cash journal in check number, amount, and 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 journal. In addition, we noted at least two instances where a receipt in the receipt ledger was posted to a fund other than the fund it was posted to in the cash journal. For 2010, we noted missing employee time sheets. Also for 2010, the W-2 forms were not maintained on file in a proper and legible format. As a result, we were unable to rely on the receipt and appropriation ledgers for our testing of the 2010 financial statements. In addition, supporting documentation was not attached to the vouchers, but rather was contained in separate folders, making it difficult to locate support for expenditures. This led to increased time in completion of our procedures and increased audit fees.

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.

**MORGAN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

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

FINDING NUMBER 2010-04

Noncompliance Citation and Material Weakness

Ohio Rev. Code Section 117.38 provides that cash-basis entities must file annual reports with the Auditor of State within 60 days of the fiscal year end. The Auditor of State may prescribe by rule or guidelines the forms for these reports. However, if the Auditor of State has not prescribed a reporting form, the public office shall submit its report on the form used by the public office. Any public office not filing the report by the required date shall pay a penalty of twenty-five dollars for each day the report remains unfiled, not to exceed seven hundred fifty dollars. The Auditor of State may waive these penalties, upon the filing of the past due financial report.

The report shall contain the following: (A) amount of collections and receipts, and accounts due from each source; (B) amount of expenditures for each purpose; (C) income of any public service industry that the entity owns or operates, as well as the costs of ownership or operation; and (D) amount of public debt of each taxing district, the purpose of the debt, and how the debt will be repaid.

Also, the public office must publish notice in a local newspaper stating the financial report is available for public inspection at the office of the chief fiscal officer.

The Township did not file its 2009 annual report with the Auditor of State. Also, the Township did not file its 2010 annual report with the Auditor of State until May 18, 2011. Failure to file the annual financial report within 60 days of the fiscal year-end can result in fines and penalties. Further, failing to file an annual report could be a symptom of an inadequate accounting system, inadequate training of personnel in understanding the accounting and reporting process, unposted or unreconciled records or other significant issues affecting the control environment, and may even pose fraud risks.

The reports provided to the Auditor of State for audit were significantly deficient and misstated. The receipts were not reported so as to correctly reflect each source. The expenditures were not reported so as to correctly reflect each purpose. In addition, the Financial Statements did not agree to the underlying accounting records provided by the Fiscal Officer. Significantly deficient and misstated financial reports make it difficult for management to monitor financial performance and impossible for the Township to be transparent to the public in its financial activity.

In addition, the Township failed to publish public notice in the local newspaper stating the financial report is available for public inspection. This prevents transparency to the public of the Township's activities.

We recommend the Fiscal Officer file the Township's annual financial reports with the Auditor of State within 60 days of the fiscal year end. We also recommend the Township establish an accounting system capable of accurate financial reporting. We further recommend all the Township's officials obtain the necessary training needed to obtain an understanding in accounting information and reporting.

**MORGAN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

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

FINDING NUMBER 2010-05

Noncompliance Citation

Ohio Rev. Code Section 5549.21 states that all purchases of materials, machinery, and tools shall, if the amount involved exceeds twenty-five thousand dollars, be made from the lowest responsible bidder after advertisement.

On January 7, 2010, the Township purchased a truck in the amount of \$43,218. There was no indication that the purchase was subjected to competitive bidding procedures. This could result in the Township failing to obtain the best possible price.

We recommend the Board of Trustees and Fiscal Officer review the competitive bidding requirements and ensure that all future applicable contracts and purchases are entered into after completing the competitive bidding requirements.

FINDING NUMBER 2010-06

Noncompliance Citation

Ohio Rev. Code Section 5705.10(H) states that money paid into a fund must be used only for the purpose for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

The General Fund had a balance of (\$24,260) at December 31, 2009 and a balance of (\$31,635) at December 31, 2010.

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 purpose 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.

**MORGAN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

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

FINDING NUMBER 2010-07

Noncompliance Citation

Ohio Rev. 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.

The Board of Trustees failed to request a reduced Certificate of Estimated Resources in accordance with realistic receipt expectations, which would have resulted in available resources being below current level of appropriations as follows:

Fund	Year	Unencumbered Fund Balance at January 1	Actual Receipts	Current Year Appropriations	Variance
General	2009	(\$24,550)	\$62,588	\$56,600	(\$18,562)

Failing to reduce the estimated resources and correspondingly, the appropriations, when it is determined actual resources will be significantly less than originally anticipated could lead to overspending and deficit fund balances.

We recommend the Township monitor budget and actual receipts and file a reduced certificate of estimated resources and correspondingly reduce appropriations when it is determined the actual resources will fall below the current appropriations.

**MORGAN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2010-08

Noncompliance Citation

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

Expenditures exceed appropriations as follows:

Year End Date	Fund	Budgetary Expenditures	Approved Appropriations	Amount Expenditures Exceed Appropriations
December 31, 2009	General	\$59,185	\$56,600	\$2,585
December 31, 2009	Motor Vehicle License Tax	\$18,083	\$17,525	\$558
December 31, 2009	Gasoline Tax	\$89,498	\$84,030	\$5,468
December 31, 2010	General	\$102,079	\$56,000	\$46,079
December 31, 2010	Motor Vehicle License Tax	\$17,580	\$17,410	\$170
December 31, 2010	Gasoline Tax	\$123,982	\$88,170	\$35,812

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.

FINDING NUMBER 2010-09

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, 2010 AND 2009
(Continued)

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

FINDING NUMBER 2010-09 (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 any of the expenditures during 2009 and 2010, and there was no evidence that the Township followed the aforementioned exceptions. 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, 2010 AND 2009
(Continued)**

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

FINDING NUMBER 2010-09 (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.

FINDING NUMBER 2010-10

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.

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

Year ending December 31, 2009:

- Trustee salary amounts were incorrectly allocated to the General Fund. As a result, \$1,243 was reclassified to increase Gasoline Tax Fund expenditures and decrease General Fund expenditures.
- Insurance expense was incorrectly allocated to the Gasoline Tax Fund. As a result, \$1,550 was reclassified to increase General Fund expenditures and decrease Gasoline Tax Fund expenditures.
- County Auditor Settlement fees were not recorded as an expenditure. The net amount of the receipt was adjusted to the gross receipt. As a result, \$725 was adjusted to increase both Receipts and Expenditures in the General Fund, and \$347 was adjusted to increase both Receipts and Expenditures in the Fire Levy Fund.
- Check #11510 was double-posted to the Fire Levy Fund, once in 2009 and again in 2008. As a result, \$1,215 was adjusted to reduce Fire Levy Fund expenditures in 2009.

**MORGAN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2010-10 (Continued)

Material Weakness (Continued)

Year ending December 31, 2010:

- We detected the following errors while performing the bank reconciliation:
 1. A Charges For Services receipt was posted to the General Fund, but not deposited into the bank. As a result, an adjustment was made to decrease General Fund Charges for Services by \$648.
 2. Check #11864 in the amount of \$1,000 was incorrectly posted as \$2,000. As a result, an adjustment of \$1,000 was made to decrease Public Works in the Gasoline Tax Fund.
 3. We also detected an unidentified reconciliation error. As a result, we posted an adjustment to increase the General Fund by \$34.
- Trustee salary amounts were incorrectly posted to the General Fund. As a result, we reclassified \$184 from the General Fund to Public Works in the Gasoline Tax Fund.
- Insurance Expense was incorrectly posted to the General Fund. As a result we reclassified \$2,396 from the General Fund to Public Works in the Gasoline Tax Fund.
- The purchase of a truck was incorrectly classified as a General Government disbursement in the General Fund. As a result, we reclassified \$43,218 from General Government disbursements to Capital Outlay in the General Fund.
- The following receipts were incorrectly posted to the Gasoline Tax Fund:
 1. Landfill fees of \$1,383 and insurance reimbursements of \$360. As a result \$1,743 was reclassified to Miscellaneous Income in the General Fund.
 2. Motor Vehicle receipts of \$149. As a result \$149 was reclassified to Intergovernmental Receipts in the Motor Vehicle License Tax Fund.
- County Auditor Settlement fees were not recorded as an expenditure. The net amount of the receipt was posted as a gross receipt. As a result, \$1,050 was adjusted to increase both Property Taxes Receipts and General Government Disbursements in the General Fund, and \$373 was posted to increase both Property Taxes Receipts and General Government Disbursements in the Fire Levy Fund.
- Gasoline Tax receipts were incorrectly posted to the General Fund. As a result, \$2,634 was reclassified from the General Fund to Intergovernmental Receipts in the Gasoline Tax Fund.
- The following General Fund receipts were improperly classified:
 1. The proceeds of a loan were posted to Operating Receipts. As a result, \$43,260 was reclassified to Other Financing Sources - Other Proceeds of Debt.
 2. Homestead Reimbursements and State Income Tax were incorrectly posted to Property Taxes. As a result, \$1,164 was reclassified to Intergovernmental Receipts.
 3. State Refunds and Reimbursements were incorrectly posted to Property Taxes. As a result, \$8,382 was reclassified to Intergovernmental Receipts.
 4. Income Taxes Receipts were incorrectly posted to Property Taxes. As a result, \$11,852 was reclassified to Intergovernmental Revenue.
 5. Landfill fees were incorrectly posted to Charges for Services. As a result, \$6,814 was reclassified posted to Miscellaneous Revenue.

**MORGAN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2010-10 (Continued)

Material Weakness (Continued)

Year ending December 31, 2010 (Continued):

- Motor Vehicle License Tax Fund receipts were improperly classified as License, Permits, and Fees. As a result, \$17,749 was reclassified to Intergovernmental Receipts.
- The following Gasoline Tax Receipts were improperly classified:
 1. Proceeds from a loan were classified as Operating Receipts. As a result, \$22,013 was reclassified to Other Financing Sources - Other Proceeds of Debt.
 2. Gas Tax receipts were classified as Property Taxes. As a result, \$91,402 was reclassified to Intergovernmental Receipts.
 3. Insurance reimbursements were posted of Property Taxes. As a result, \$1,276 was reclassified to Miscellaneous Receipts.
 4. A reimbursement from a logging company to cover road repairs was posted to Property Taxes. As a result, \$2,992 was reclassified to Miscellaneous Receipts.
 5. Proceeds from the sale of a Truck were posted to Property Taxes. As a result, \$501 was reclassified to Miscellaneous Receipts.
- A total of \$94,210 in Gasoline Tax Expenditures were improperly classified as Other Expenditures. As a result, the following reclassifications were posted:
 1. \$72,197 was reclassified to Public Works disbursements.
 2. \$22,013 was reclassified to Capital Outlay.
- Fire Levy Fund expenditures were improperly classified as Other disbursements. As a result, \$5,763 was reclassified to Public Safety disbursements.
- The following Motor Vehicle License Tax Fund expenditures were improperly classified:
 1. OTARMA Insurance expenditures were classified as Other disbursements. As a result, \$1,246 was reclassified as Public Works disbursements.
 2. Stone Hauling Expenditures were classified as Other disbursements. As a result, \$1,550 was reclassified as Public Works disbursements.
 3. Debt Payments were classified as Other disbursements. As a result, \$9,822 was reclassified as Redemption of Principal and \$2,443 was reclassified as Interest.
- General Fund Debt Payments were classified as General Government disbursements. As a result, \$1,007 was reclassified as Redemption of Principal and \$219 was reclassified as Interest.
- The Township failed to record encumbrances on the Financial Statements. As a result, \$2,259 was posted to Reserve for Encumbrances in the Gasoline Tax Fund.
- Receipts in the amount of \$4,791 were posted to both the General Fund financial statements and the Gasoline Tax Fund financial statements. As a result, we posted a General Fund adjustment to reduce License, Permits, and Fees by \$2,992, Charges for Services by \$1,298, and Other Receipts by \$501.

The January 1, 2009 balances were restated due to prior receipt amounts which were posted to the incorrect funds. Restatement amounts are as follows: General Fund (\$3,113); Motor Vehicle License Tax Fund \$2,506; Gasoline Tax Fund (\$3,826); and Fire Tax Levy Fund \$4,412.

**MORGAN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

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

FINDING NUMBER 2010-10 (Continued)

Material Weakness (Continued)

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

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.

Officials' Response

The Officials did not respond to the findings above.

**MORGAN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Noncompliance Citation under Ohio Rev. Code Section 5705.10(H) for deficit fund balances and budgetary expenditures exceeding beginning fund balances plus actual receipts and carryover appropriations.	No	Not Corrected – Reissued as Finding Number 2010-06.
2008-002	Noncompliance Citation under Ohio Rev. Code Section 5705.14 for transfers which were not approved by the Board.	Yes	
2008-003	Noncompliance Citation under Ohio Rev. Code Section 5705.41(B) for expenditures exceeding appropriations.	No	Not Corrected – Reissued as Finding Number 2010-08.
2008-004	Noncompliance Citation under Ohio Rev. Code Section 5705.41(D)(1) for not certifying the availability of funds prior to purchase commitment.	No	Not Corrected – Reissued as Finding Number 2010-09.
2008-005	Noncompliance Citation / Material Weakness under Ohio Admin. Code Section 117-2-02(A) for inadequate and mathematically inaccurate records.	No	Not Corrected – Reissued as Finding Number 2010-03.
2008-006	Noncompliance Citation / Material Weakness under Ohio Admin. Code Section 117-2-01(D)(3) and (5) for Fiscal Officer not performing bank reconciliations.	No	Not Corrected – Reissued as Finding Number 2010-01.

**MORGAN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009
(Continued)**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-007	Material Weakness under Ohio Admin. Code Section 117-2-01(D)(4) for inadequate legislative monitoring.	No	Not Corrected – Reissued as Finding Number 2010-02.
2008-008	Material Weakness was issued regarding financial reporting and errors in the financial statements that required audit adjustment or reclassification.	No	Not Corrected – Reissued as Finding Number 2010-10.



Dave Yost • 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 1, 2011**