



Mary Taylor, CPA
Auditor of State

MORGAN TOWNSHIP
BUTLER COUNTY

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Mary Taylor, CPA

Auditor of State

Morgan Township
Butler County
3141 Chapel Road
Okeana, Ohio 45053

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.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 11, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Morgan Township
Butler County
3141 Chapel Road
Okeana, Ohio 45053

To the Board of Trustees:

We have audited the accompanying financial statements of Morgan Township, Butler County, Ohio (the Township), as of and for the years ended December 31, 2006 and 2005. 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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.

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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, 2006 and 2005 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, 2006 and 2005, 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 and reserves for encumbrances of Morgan Township, Butler County, as of December 31, 2006 and 2005, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2007, 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

December 11, 2007

**MORGAN TOWNSHIP
BUTLER COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property and Other Local Taxes	\$75,761	\$397,946	\$123,122	\$596,829
Charges for Services	0	57,474	0	57,474
Licenses, Permits, and Fees	22,376	0	0	22,376
Intergovernmental	231,811	241,318	0	473,129
Earnings on Investments	20,899	4,921	0	25,820
Miscellaneous	36,169	13,159	0	49,328
	<u>387,016</u>	<u>714,818</u>	<u>123,122</u>	<u>1,224,956</u>
Cash Disbursements:				
Current:				
General Government	228,290	6,563	0	234,853
Public Safety	34,615	305,553	0	340,168
Public Works	137,215	196,964	0	334,179
Health	1,367	0	0	1,367
Capital Outlay	21,336	129,492	0	150,828
Debt Service:				
Redemption of Principal	0	0	111,600	111,600
Interest and Other Fiscal Charges	0	0	11,015	11,015
	<u>422,823</u>	<u>638,572</u>	<u>122,615</u>	<u>1,184,010</u>
Total Cash Disbursements	<u>422,823</u>	<u>638,572</u>	<u>122,615</u>	<u>1,184,010</u>
Total Receipts Over/(Under) Disbursements	<u>(35,807)</u>	<u>76,246</u>	<u>507</u>	<u>40,946</u>
Other Financing Receipts:				
Sale of Fixed Assets	30,000	0	0	30,000
Other Financing Sources	0	4,888	0	4,888
	<u>30,000</u>	<u>4,888</u>	<u>0</u>	<u>34,888</u>
Total Other Financing Receipts	<u>30,000</u>	<u>4,888</u>	<u>0</u>	<u>34,888</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements	(5,807)	81,134	507	75,834
Fund Cash Balances, January 1	494,928	421,879	0	916,807
Fund Cash Balances, December 31	<u>\$489,121</u>	<u>\$503,013</u>	<u>\$507</u>	<u>\$992,641</u>
Reserve for Encumbrances, December 31	<u>\$7,337</u>	<u>\$118,647</u>	<u>\$0</u>	<u>\$125,984</u>

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

**MORGAN TOWNSHIP
BUTLER COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property and Other Local Taxes	\$96,630	\$380,322	\$77,835	\$554,787
Charges for Services	0	45,746	0	45,746
Licenses, Permits, and Fees	17,798	0	0	17,798
Fines and Forfeitures	13	0	0	13
Intergovernmental	243,676	172,386	0	416,062
Earnings on Investments	13,416	0	0	13,416
Miscellaneous	4,800	1,425	0	6,225
	<u>376,333</u>	<u>599,879</u>	<u>77,835</u>	<u>1,054,047</u>
Cash Disbursements:				
Current:				
General Government	424,270	6,295	0	430,565
Public Safety	36,000	297,304	0	333,304
Public Works	39,170	185,436	0	224,606
Health	3,264	0	0	3,264
Capital Outlay	11,404	28,002	0	39,406
Debt Service:				
Redemption of Principal	0	0	71,400	71,400
Interest and Other Fiscal Charges	0	0	6,435	6,435
	<u>514,108</u>	<u>517,037</u>	<u>77,835</u>	<u>1,108,980</u>
Total Cash Disbursements	<u>514,108</u>	<u>517,037</u>	<u>77,835</u>	<u>1,108,980</u>
Total Receipts Over/(Under) Disbursements	<u>(137,775)</u>	<u>82,842</u>	<u>0</u>	<u>(54,933)</u>
Other Financing Receipts / (Disbursements):				
Sale of Bonds	200,000	0	0	200,000
Sale of Fixed Assets	33,366	9,124	0	42,490
Other Financing Sources	9,951	7,593	0	17,544
Other Financing Uses	(1,326)	0	0	(1,326)
	<u>241,991</u>	<u>16,717</u>	<u>0</u>	<u>258,708</u>
Total Other Financing Receipts / (Disbursements)	<u>241,991</u>	<u>16,717</u>	<u>0</u>	<u>258,708</u>
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	104,216	99,559	0	203,775
Fund Cash Balances, January 1	<u>390,712</u>	<u>322,320</u>	<u>0</u>	<u>713,032</u>
Fund Cash Balances, December 31	<u>\$494,928</u>	<u>\$421,879</u>	<u>\$0</u>	<u>\$916,807</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**MORGAN TOWNSHIP
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

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 the Morgan Township, Butler County, Ohio (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, fire protection and emergency medical services.

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. Cash and Investments

The Township maintains all funds in an interest bearing checking account and a STAR Ohio account. STAR Ohio funds are recorded at share values the mutual funds report.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are 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 Funds:

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

Fire District Fund - This fund receives property taxes to pay the costs of providing fire protection.

Emergency Medical Services Special Levy Fund - This fund receives property tax monies derived from a voted special levy pay the costs of providing ambulance and emergency medical services.

**MORGAN TOWNSHIP
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

Fire and Ambulance Emergency Medical Services Fund - This fund receives charges for services paid by persons utilizing the Township's ambulance and emergency medical services.

3. Debt Service Funds

These funds account for resources the Township accumulates to pay bond and note debt. The Township had the following Debt Service Fund:

General Bond and Note Retirement Fund - This fund receives property tax monies which are used to pay the principal and interest on general obligation debt of the Township.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund 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.

A summary of 2006 and 2005 budgetary activity appears in Note 3.

F. 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.

G. Accumulated Leave

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

**MORGAN TOWNSHIP
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

2. Equity in Pooled Cash and Investments

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

	2006	2005
Demand deposits	406,559	553,859
STAR Ohio	586,083	362,948
Total deposits and investments	\$992,642	\$916,807

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

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$288,556	\$417,016	\$128,460
Special Revenue	580,937	719,706	138,769
Debt Service	122,615	123,122	507
Total	\$992,108	\$1,259,844	\$267,736

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$758,263	\$430,160	\$328,103
Special Revenue	1,002,817	757,219	245,598
Debt Service	77,835	122,615	(44,780)
Total	\$1,838,915	\$1,309,994	\$528,921

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$463,335	\$619,650	\$156,315
Special Revenue	502,703	616,596	113,893
Debt Service	77,835	77,835	0
Total	\$1,043,873	\$1,314,081	\$270,208

**MORGAN TOWNSHIP
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

3. Budgetary Activity (Continued)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$852,721	\$515,434	\$337,287
Special Revenue	826,348	517,037	309,311
Debt Service	77,835	77,835	0
Total	\$1,756,904	\$1,110,306	\$646,598

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Bond and Note Retirement Fund by \$44,780 for the year ended December 31, 2006. In addition, appropriation authority exceeded estimated revenue amounts in the General fund by \$200,000 on an interim basis at November 30, 2005 for the year ended December 31, 2005.

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.

**MORGAN TOWNSHIP
BUTLER COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

5. Debt

Debt outstanding at December 31, 2006 was as follows:

	Principal	Interest Rate
General Obligation Bonds	\$160,000	4.15%

The Township issued \$200,000 in general obligation bonds in 2005 to finance the purchase of real estate. The Township's taxing authority collateralized the bonds.

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

	General Obligation Bonds
Year ending December 31:	
2007	\$46,640
2008	44,980
2009	43,320
2010	41,660
Total	\$176,600

6. Retirement Systems

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plans. 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 2006 and 2005, OPERS members contributed 9 and 8.5%, respectively, of their gross salaries and the Township contributed an amount equaling 13.7 and 13.55%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2006.

7. Risk Management

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

The Township withdrew from membership in the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships and obtained commercial insurance from the Hylant Group effective in March of the year ended December 31, 2006.

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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
Butler County
3141 Chapel Road
Okeana, Ohio 45053

To the Board of Trustees:

We have audited the financial statements of Morgan Township, Butler County, Ohio (the Township), as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated December 11, 2007, 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 uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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.

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 deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2006-003.

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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 internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We believe the significant deficiency described above is not a material weakness.

We noted certain matters that we reported to the Township's management in a separate letter dated December 11, 2007.

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 2006-001 through 2006-002. In a separate letter to the Township's management dated December 11, 2007, we reported other matters related to noncompliance we deemed immaterial.

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 the Board of Trustees and management. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

December 11, 2007

**MORGAN TOWNSHIP
BUTLER COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2006-001

Noncompliance Citation

Ohio Revised Code, § 5705.41(B), states that no subdivision or taxing unit is to expend money unless it has been appropriated as provided in Chapter 5705. The Township had expenditures plus outstanding encumbrances that exceeded appropriations in the following fund:

Year	Fund	Total Appropriations	Total Expenditures & Outstanding Encumbrances	Variance
2006	General Bond & Note Retirement Fund	\$77,835	\$122,615	(\$44,780)

Expending more than is appropriated could result in negative fund balances and fiscal distress due to over spending. We recommend that the Township monitor budgetary activity monthly and make the necessary amendments to their official budgetary documents and system so that they reflect the actual budgetary situation, and that they operate within their budget. All amendments should be reviewed and approved by the Board of Trustees.

Furthermore, the Township is not accurately entering budgetary data into the general ledger system.

The appropriations per the budgetary system generated appropriation ledger did not agree to the amounts adopted by the Board of Trustees for two funds at December 31, 2006, and for one fund at December 31, 2005. The estimated receipts per the budgetary financial accounting system did not agree to the amounts certified by the county auditor for two funds at December 31, 2006.

The Certificate of Estimated resources, Amended Certificates, the Appropriations Resolution, and amendments to appropriations are budgeting tools for the Township. When the general ledger is not updated to reflect current budgeted appropriations and estimated receipts, it restricts the Township's ability to effectively monitor the official budget. The Township should input the budgetary appropriations and estimated receipts into the budgetary financial accounting system and update their records throughout the fiscal year for all amendments.

FINDING NUMBER 2006-002

Noncompliance Citation

Ohio Revised Code, § 5705.39, provides, in part, that the total appropriation from each fund shall not exceed the total estimated revenue.” On an interim basis at November 30, 2005, the Township had appropriations exceeding estimated revenue in the following fund:

Fund	Estimated Revenue Amount	Appropriation Amount	Variance
General Fund	\$641,921	\$841,921	\$(200,000)

Appropriating more resources than the Township is expecting for the year could result in negative fund balances and possibly lead to fiscal distress due to overspending. We recommend that the Township monitor budgetary activity monthly and make the necessary amendments to their official budgetary documents and system so that they reflect the actual budgetary situation. All amendments should be reviewed and approved by the Board of Trustees.

FINDING NUMBER 2006-003

Significant Deficiency

There were several instances where receipts were not properly classified:

- In FY 2005 and FY 2006 the Township posted proceeds from the sales of fixed assets to Miscellaneous Revenue rather than Sale of Fixed Assets in the General Fund in the amount of \$30,000 and \$33,266 respectively and in the Special Revenue Fund type in the amount of \$9,124.
- In FY 2005 the Township posted proceeds from the sale of bonds to Miscellaneous Revenue rather than to Sale of Bonds in the General Fund in the amount of \$200,000.
- In FY 2005 the Township posted Fire and Rescue grant monies to Charges for Services in the amount of \$7,000 rather than Intergovernmental Revenue.

As a result of these errors, receipts for certain line items were incorrectly reported on the Annual Report. Reclassifications were made to individual line items on the financial statements. Misclassification or misposting of receipts results in inaccurate financial reporting. We recommend the Township accurately maintain the accounting records in accordance with the uniform accounting system prescribe by the Auditor of State.



Mary Taylor, CPA
Auditor of State

MORGAN TOWNSHIP

BUTLER 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 31, 2007**