



OHIO AUDITOR OF STATE  
**KEITH FABER**





MEIGSVILLE TOWNSHIP  
MORGAN COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report .....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For The Year Ended December 31, 2019 .....	3
Notes to the Financial Statements .....	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types - For The Year Ended December 31, 2018 .....	11
Notes to the Financial Statements .....	13
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	19
Schedule of Findings.....	21

**This page intentionally left blank.**

# OHIO AUDITOR OF STATE KEITH FABER



53 Johnson Road  
The Plains, Ohio 45780-1231  
(740) 594-3300 or (800) 441-1389  
SoutheastRegion@ohioauditor.gov

## INDEPENDENT AUDITOR'S REPORT

Meigsville Township, Morgan County  
2625 E. Hoopole Ridge Road  
McConnelsville, Ohio 43756

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Meigsville Township, Morgan County, Ohio (the Township), as of and for the years ended December 31, 2019 and 2018.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2019 and 2018, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of Meigsville Township, Morgan County, as of December 31, 2019 and 2018, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

***Emphasis of Matter***

As discussed in Note 8 to the 2019 financial statements, during 2020, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 16, 2020, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

July 16, 2020

**Meigsville Township***Morgan County, Ohio**Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2019*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$32,688	\$47,815	\$80,503
Intergovernmental	19,514	188,237	207,751
Earnings on Investments	234	138	372
Miscellaneous	2,215	1,379	3,594
<i>Total Cash Receipts</i>	<u>54,651</u>	<u>237,569</u>	<u>292,220</u>
<b>Cash Disbursements</b>			
Current:			
General Government	35,763	2,329	38,092
Public Safety	376	7,264	7,640
Public Works	0	181,540	181,540
Health	21,620	0	21,620
Conservation-Recreation	0	2,870	2,870
Debt Service:			
Principal Retirement	0	10,030	10,030
Interest and Fiscal Charges	0	872	872
<i>Total Cash Disbursements</i>	<u>57,759</u>	<u>204,905</u>	<u>262,664</u>
<i>Net Change in Fund Cash Balances</i>	(3,108)	32,664	29,556
<i>Fund Cash Balances, January 1</i>	<u>23,875</u>	<u>204,645</u>	<u>228,520</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	190,843	190,843
Committed	0	46,466	46,466
Unassigned (Deficit)	<u>20,767</u>	<u>0</u>	<u>20,767</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$20,767</u></u>	<u><u>\$237,309</u></u>	<u><u>\$258,076</u></u>

*See accompanying notes to the basic financial statements*

**This page intentionally left blank.**



**MEIGSVILLE TOWNSHIP  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2019**

**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 Meigsville Township, Morgan 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, cemetery maintenance and fire protection. The Township contracts with the M & M Volunteer Fire Department to provide fire services. The Township appropriates fire levy funds to pay for the contractual services of the M & M Volunteer Fire Department.

The Township's management believes this financial statement presents all activities for which the Township is financially accountable.

**B. Accounting Basis**

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D). 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).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

**C. Deposits**

Township funds are maintained in an interest-bearing checking account.

**D. Fund Accounting**

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below.

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Fund:

Gasoline Tax Fund – This fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

**MEIGSVILLE TOWNSHIP  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2019  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2019 budgetary activity appears in Note 3.

**F. Fund Balance**

Fund balance is divided into three classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**2. Committed**

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**MEIGSVILLE TOWNSHIP  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2019  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**F. Fund Balance (Continued)**

**3. Assigned**

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

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. Property, Plant, and Equipment**

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

**2. Equity in Pooled Deposits**

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

Demand deposits	2019 \$258,076
-----------------	-------------------

**Deposits:** Deposits are collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**3. Budgetary Activity**

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$52,000	\$54,651	\$2,651
Special Revenue	184,786	237,569	52,783
Total	\$236,786	\$292,220	\$55,434

**MEIGSVILLE TOWNSHIP  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2019  
(Continued)**

**3. Budgetary Activity (Continued)**

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$75,875	\$57,759	\$18,116
Special Revenue	389,430	204,905	184,525
Total	<u>\$465,305</u>	<u>\$262,664</u>	<u>\$202,641</u>

**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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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

**5. Retirement Systems**

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

The Ohio Revised Code also prescribes contribution rates. 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, 2019.

**6. Risk Pool Membership**

The Township is a member of the Ohio Township Association Risk Management Authority (the Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public Official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

**MEIGSVILLE TOWNSHIP  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2019  
(Continued)**

**6. Risk Pool Membership (Continued)**

	<u>2018</u>
Cash and investments	\$33,097,416
Actuarial liabilities	\$ 7,874,610

**7. Debt**

Debt outstanding at December 31, 2019, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Promissory Note	\$15,752	3.75%

The Township issues a promissory note to finance the purchase of a dump truck with cinder spreader and snowplow for Township road maintenance. The Township's taxing authority collateralized the note.

**Amortization**

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

<u>Year Ending December 31:</u>	<u>Promissory Note</u>
2020	10,902
2021	5,451
Total	<u>\$16,353</u>

**8. Subsequent Events**

- A. The Fiscal Officer discovered that a recently hired Road Maintenance employee was purchasing gasoline and tools for personal use by charging the Township accounts. The dollar amount was determined to be \$1,020. The Trustees called a special meeting on November 7, 2019 to discuss the issue. The Trustees voted to terminate the employee immediately. The employee was interviewed by two of the Trustees on November 8, 2019 and dismissed from employment with the Township. The employee admitted to the purchases and offered to repay the Township. He signed and returned his last payroll check in the amount of \$518. Also, motor oil, worth \$40 was returned, making a total of \$462 due to be paid back to the Township. A repayment document was signed by the employee giving him 21 days to repay the Township. The time was extended approximately 14 days per the legal counsel, Morgan County Prosecuting Attorney, Mark Howdysshell. The \$462 was paid in full by the former employee in February 2020.
  
- B. The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township. In addition, the impact on the Township's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**MEIGSVILLE TOWNSHIP  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2019  
(Continued)**

**9. Contingent Liabilities**

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Meigsville Township***Morgan County, Ohio**Combined Statement of Receipts, Disbursements  
and Changes in Fund Balances (Regulatory Cash Basis)**All Governmental Fund Types**For the Year Ended December 31, 2018*

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Property and Other Local Taxes	\$27,538	\$43,166	\$70,704
Licenses, Permits and Fees	3,750	0	3,750
Intergovernmental	18,514	106,465	124,979
Earnings on Investments	165	178	343
Miscellaneous	1,150	1,214	2,364
<i>Total Cash Receipts</i>	<u>51,117</u>	<u>151,023</u>	<u>202,140</u>
<b>Cash Disbursements</b>			
Current:			
General Government	32,066	9,539	41,605
Public Safety	348	6,418	6,766
Public Works	0	118,461	118,461
Health	21,284	0	21,284
Conservation-Recreation	0	5,583	5,583
Debt Service:			
Principal Retirement	0	9,664	9,664
Interest and Fiscal Charges	0	1,238	1,238
<i>Total Cash Disbursements</i>	<u>53,698</u>	<u>150,903</u>	<u>204,601</u>
<i>Net Change in Fund Cash Balances</i>	(2,581)	120	(2,461)
<i>Fund Cash Balances, January 1</i>	<u>26,456</u>	<u>204,525</u>	<u>230,981</u>
<b>Fund Cash Balances, December 31</b>			
Restricted	0	166,387	166,387
Committed	0	38,258	38,258
Unassigned (Deficit)	23,875	0	23,875
<i>Fund Cash Balances, December 31</i>	<u>\$23,875</u>	<u>\$204,645</u>	<u>\$228,520</u>

*See accompanying notes to the basic financial statements*

**This page intentionally left blank.**



**MEIGSVILLE TOWNSHIP  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2018**

**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 Meigsville Township, Morgan 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, cemetery maintenance and fire protection. The Township contracts with the M & M Volunteer Fire Department to provide fire services. The Township appropriates fire levy funds to pay for the contractual services of the M & M Volunteer Fire Department.

The Township's management believes this financial statement presents all activities for which the Township is financially accountable.

**B. Accounting Basis**

This financial statement follows the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D). 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).

This statement includes adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

**C. Deposits**

Township funds are maintained in an interest-bearing checking account.

**D. Fund Accounting**

The Township uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Township are presented below.

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Fund:

Gasoline Tax Fund – This fund accounts for and reports that portion of the State gasoline tax restricted for maintenance and repair of roads within the Township.

**MEIGSVILLE TOWNSHIP  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2018  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**E. Budgetary Process**

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

**1. Appropriations**

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

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2018 budgetary activity appears in Note 3.

**F. Fund Balance**

Fund balance is divided into three classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**2. Committed**

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**MEIGSVILLE TOWNSHIP  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2018  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**F. Fund Balance (Continued)**

**3. Assigned**

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

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**G. Property, Plant, and Equipment**

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

**2. Equity in Pooled Deposits**

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

Demand deposits	2018
	\$228,520

**Deposits:** Deposits are insured by the Federal Deposit Insurance Corporation or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

**3. Budgetary Activity**

Budgetary activity for the year ending 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$45,000	\$51,117	\$6,117
Special Revenue	160,500	151,023	(9,477)
Total	\$205,500	\$202,140	(\$3,360)

**MEIGSVILLE TOWNSHIP  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2018  
(Continued)**

**3. Budgetary Activity (Continued)**

2018 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$71,456	\$53,698	\$17,758
Special Revenue	365,024	150,903	214,121
Total	\$436,480	\$204,601	\$231,879

**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 non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction 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.

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

**5. Retirement Systems**

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

The Ohio Revised Code also prescribes contribution rates. 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, 2018.

**6. Risk Pool Membership**

The Township is a member of the Ohio Township Association Risk Management Authority (the Pool). The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool covers the following risks:

- General liability and casualty
- Public Official's liability
- Cyber
- Law enforcement liability
- Automobile liability
- Vehicles
- Property
- Equipment breakdown

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

**MEIGSVILLE TOWNSHIP  
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENT  
DECEMBER 31, 2018  
(Continued)**

**6. Risk Pool Membership (Continued)**

	<u>2019</u>
Cash and investments	\$35,207,320
Actuarial liabilities	\$10,519,942

**7. Debt**

Debt outstanding at December 31, 2018, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Promissory Note	\$25,782	3.75%

The Township issues a promissory note to finance the purchase of a dump truck with cinder spreader and snowplow for Township road maintenance. The Township's taxing authority collateralized the note.

**Amortization**

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

<u>Year Ending December 31:</u>	<u>Promissory Note</u>
2019	10,902
2020	10,902
2021	5,451
Total	\$27,255

**This page intentionally left blank.**

# OHIO AUDITOR OF STATE KEITH FABER



53 Johnson Road  
The Plains, Ohio 45780-1231  
(740) 594-3300 or (800) 441-1389  
SoutheastRegion@ohioauditor.gov

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

Meigsville Township  
Belmont County  
2625 E. Hooppole Ridge Rd  
McConnelsville, Ohio 43756

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Meigsville Township, Morgan County, Ohio (the Township), as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements and have issued our report thereon dated July 16, 2020, wherein we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the Township.

### ***Internal Control Over Financial Reporting***

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

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider finding 2019-002 to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2019-001.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

July 16, 2020



**MEIGSVILLE TOWNSHIP  
MORGAN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2019-001**

**Noncompliance**

**Ohio Rev. Code Chapter 133** authorizes certain methods by which subdivisions may incur debt. Ohio Rev. Code § 133.22, a subdivision may issue anticipatory-securities if it meets the requirements outlined in the statute. Ohio Rev. Code § 133.10 permits a subdivision to issue anticipation securities in anticipation of current property tax revenues or in anticipation of current revenues in and for any fiscal year from any source or combination of sources, including distributions of any federal or state monies, other than the proceeds of property taxes levied by the subdivision. Ohio Rev. Code § 133.15, a subdivision is authorized to issue securities for the purpose of paying all or any portion of the costs of any permanent improvement that the subdivision is authorized, alone or in cooperation with other persons, to acquire, improve, or construct. Ohio Rev. Code § 133.18, the taxing authority of a subdivision, may by legislation submit to the electors of the subdivision the question of issuing any general obligation bonds, for one purpose, that the subdivision has power or authority to issue.

During 2019 and 2018, the Township made principal payments on an outstanding promissory note in the amount of \$10,902 for both years. The promissory note was used by the Township to purchase a dump truck.

This type of debt is not authorized in Ohio Rev. Code Chapter 133. Without a statutory provision authorizing this method for incurring debt, the Township was not permitted to use such a method. The Township had no statutory authority to incur debt through either installment loans or promissory notes with any banking institutions. Inadequate policies and procedures related to debt issuance can result in illegal expenditures by the Township.

**FINDING NUMBER 2019-002**

**Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

During 2019, the Fiscal Officer posted certain transactions incorrectly as follows:

- Statement No. 54 of the Governmental Accounting Standards Board (GASB) defines the reporting of fund balances in the financial statements. The Township reported General Fund as unassigned instead of assigned in the amount of \$20,797. In addition the Road and Bridge Special Revenue Fund was reported as restricted instead of committed in the amount of \$46,466; and
- Manufactured home taxes were posted to Intergovernmental instead of Taxes in the General Fund in the amount of \$123.

During 2018, the Fiscal Officer posted certain transactions incorrectly as follows:

- Statement No. 54 of the Governmental Accounting Standards Board (GASB) defines the reporting of fund balances in the financial statements. The Township reported General Fund as unassigned instead of assigned in the amount of \$23,875. In addition the Road and Bridge Special Revenue Fund was reported as restricted instead of committed in the amount of \$38,258;

**MEIGSVILLE TOWNSHIP  
MORGAN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2019 AND 2018  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2019-002 (Continued)**

**Material Weakness (Continued)**

- Manufactured home taxes were posted to Intergovernmental instead of Taxes in the General Fund in the amount of \$222; and
- The opening and closing of graves were posted to Miscellaneous Revenue instead of Licenses, Permits and Fees in the amount of \$3,750.

These errors were due to lack of management oversight. As a result, the significant reclassifications, with which Township's management agrees, were made to the financial statements.

The Fiscal Officer should refer to the Township Handbook for proper classification and take additional care in posting transactions to the Township's ledgers in order to ensure the Township's year-end financial statements reflect the appropriate sources of the Township's receipts and expenditures. Also, the Fiscal Officer should review Auditor of State Bulletin 2011-004 for proper reporting of fund balances. Someone independent of the Fiscal Officer, preferably a Township Board member, should periodically review postings to the accounting system for accuracy.

**Officials' Response:** We did not receive a response from Officials to either finding.

# OHIO AUDITOR OF STATE KEITH FABER



**MEIGSVILLE TOWNSHIP**

**MORGAN 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  
JULY 30, 2020**