



**MEIGS TOWNSHIP
MUSKINGUM COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**MEIGS TOWNSHIP
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REPORT OF INDEPENDENT ACCOUNTANTS

Meigs Township
Muskingum County
11195 Drake Martin Road
Blue Rock, Ohio 43720

To the Board of Trustees:

We have audited the accompanying financial statements of Meigs Township, Muskingum County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Meigs Township, Muskingum County, as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 6, 2000, 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 grants.

This report is intended solely for the information and use of management, the Board of Trustees, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

June 6, 2000

**MEIGS TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$6,142	\$9,827	\$15,969
Intergovernmental	18,240	63,761	82,001
Interest	294		294
Other Revenue	1,130	5,071	6,201
	<u>25,806</u>	<u>78,659</u>	<u>104,465</u>
Total Cash Receipts			
	<u>25,806</u>	<u>78,659</u>	<u>104,465</u>
Cash Disbursements:			
Current:			
General Government	15,034		15,034
Public Works	6,103	81,049	87,152
Health	791		791
	<u>21,928</u>	<u>81,049</u>	<u>102,977</u>
Total Cash Disbursements			
	<u>21,928</u>	<u>81,049</u>	<u>102,977</u>
Excess of Receipts Over/(Under) Disbursements	<u>3,878</u>	<u>(2,390)</u>	<u>1,488</u>
Fund Cash Balances, January 1	<u>7,237</u>	<u>16,243</u>	<u>23,480</u>
Fund Cash Balances, December 31	<u>\$11,115</u>	<u>\$13,853</u>	<u>\$24,968</u>

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

**MEIGS TOWNSHIP
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
NON -EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Nonexpendable Trust
Operating Cash Receipts:	
Interest	\$9
Total Operating Cash Receipts	9
Operating Cash Disbursements:	
Contract Services	9
Total Operating Cash Disbursements	9
Operating Income/(Loss)	0
Fund Cash Balance, January 1	500
Fund Cash Balance, December 31	\$500

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

**MEIGS TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$6,888	\$16,531	\$23,419
Intergovernmental	17,473	59,448	76,921
Interest	451		451
Other Revenue	1,367	6,518	7,885
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	26,179	82,497	108,676
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	15,465		15,465
Public Safety		5,875	5,875
Public Works	3,350	72,507	75,857
Health	584		584
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	19,399	78,382	97,781
	<hr/>	<hr/>	<hr/>
Excess of Receipts Over/(Under) Disbursements	6,780	4,115	10,895
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	457	12,128	12,585
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$7,237</u>	<u>\$16,243</u>	<u>\$23,480</u>

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

**MEIGS TOWNSHIP
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCE
NON -EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Nonexpendable Trust
Operating Cash Receipts:	
Interest	\$16
Total Operating Cash Receipts	16
Operating Cash Disbursements:	
Contract Services	16
Total Operating Cash Disbursements	16
Operating Income/(Loss)	0
Fund Cash Balance, January 1	500
Fund Cash Balance, December 31	\$500

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

**MEIGS TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Meigs Township, Muskingum County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance. The Township contracts with the M&M Volunteer Fire Department to provide fire and ambulance services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

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

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

**MEIGS TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

3. Fiduciary Fund

These funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain a corpus of the trust, the fund is classified as a Nonexpendable Trust Fund. The Township has established a Cemetery Bequest Fund, a Nonexpendable Trust Fund.

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, 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. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. The Township did not use the encumbrance method of accounting.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

E. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

2. EQUITY IN POOLED CASH

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$25,468	\$23,980

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

MEIGS TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$23,470	\$25,806	\$2,336
Special Revenue	66,263	78,659	12,396
Fiduciary	16	9	(7)
Total	<u>\$89,749</u>	<u>\$104,474</u>	<u>\$14,725</u>

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$30,707	\$21,928	\$8,779
Special Revenue	81,299	81,049	250
Fiduciary	509	9	500
Total	<u>\$112,515</u>	<u>\$102,986</u>	<u>\$9,529</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$22,948	\$26,179	\$3,231
Special Revenue	71,756	82,497	10,741
Fiduciary	9	16	7
Total	<u>\$94,713</u>	<u>\$108,692</u>	<u>\$13,979</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$23,406	\$19,399	\$4,007
Special Revenue	83,884	78,382	5,502
Fiduciary	509	16	493
Total	<u>\$107,799</u>	<u>\$97,797</u>	<u>\$10,002</u>

During 1998 and 1999, the required prior certification of the Clerk, that funds were available and free from previous encumbrance, was not obtained prior to the Township incurring obligations as required by the Ohio Revised Code.

MEIGS TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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. RETIREMENT SYSTEMS

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio, a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

6. RISK MANAGEMENT

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 may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Official's liability
- Automotive liability, comprehensive, and collision

The Township also provides health and life insurance coverage to elected officials through a private carrier.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Meigs Township
Muskingum County
11195 Drake Martin Road
Blue Rock, Ohio 43720

To the Board of Trustees:

We have audited the accompanying financial statements of Meigs Township, Muskingum County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated June 6, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item number 1999-41060-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 6, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings as item number 1999-41060-002.

Meigs Township
Muskingum County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
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A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated June 6, 2000.

This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

June 6, 2000

**MEIGS TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	1999-41060-001
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Ohio Rev. Code Section 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon. This section also provides two "exceptions" to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free from any previous encumbrances, the Township may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certification, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars the fiscal officer may authorize it paid without the affirmation of the Board of Trustees.

During 1998 and 1999, liabilities, contracts, and open purchase commitments greater than one thousand dollars were not certified by the Clerk and were not encumbered until the time of payment. These commitments were not subsequently approved, by resolution, by the Board of Trustees within the aforementioned thirty day time period.

We recommend the Township utilize purchase orders to document the Clerk's certification of the availability of appropriated funds for proposed purchases and review the Township Manual for proper encumbering procedures.

Finding Number	1999-41060-002
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The Clerk prepared monthly financial reports containing monthly expenses and fund balances-to-date for each fund, as well as year-to-date receipts, expenditures, and a balance for the funds as a whole. However, these reports were not formally reviewed by the Board. Without formally reviewing these reports, the Board may not be fully aware of the financial status of the Township. In addition, the Clerk did not present the Board with monthly bank and cash reconciliations. This may lead to the Trustees being unaware of items such as long outstanding checks, which may need to be brought to their attention so further action may be taken.

We recommend the Clerk prepare monthly financial reports which include budget vs. actual information for receipts and disbursements, as well as cash reconciliations, and fund balances. The Board should formally review and approve said reports, with their approval noted in the minutes. In addition, we recommend that Township Trustees periodically review the books and ledgers of the Township to ensure they are posted up-to-date and are in balance. Furthermore, the Trustees should verify the budgetary information presented by the Clerk is in agreement with the information in the Township's books and ledgers and amounts approved by the Board of Trustees in various budgetary documents.



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MEIGS TOWNSHIP

MUSKINGUM 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
AUGUST 10, 2000