



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

MEIGSVILLE TOWNSHIP
MORGAN COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Meigsville Township
Morgan County
125 Johnson Lane
McConnelsville, Ohio 43756

To the Board of Trustees:

We have audited the accompanying financial statements of Meigsville Township, Morgan County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000. 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 *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 Meigsville Township, Morgan County, as of December 31, 2001 and 2000, 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 May 24, 2002 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

May 24, 2002

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**MEIGSVILLE TOWNSHIP
MORGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$22,701	\$40,714	\$63,415
Intergovernmental	14,338	65,609	79,947
Licenses, Permits, and Fees	1,200		1,200
Earnings on Investments	1,914	1,950	3,864
Other Revenue	343	1,568	1,911
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	40,496	109,841	150,337
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	33,498		33,498
Public Safety	300	8,271	8,571
Public Works		100,109	100,109
Health	6,709		6,709
Debt Service:			
Redemption of Principal		8,879	8,879
Interest and Fiscal Charges		2,664	2,664
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	40,507	119,923	160,430
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	(11)	(10,082)	(10,093)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	27,685	53,248	80,933
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	27,674	43,166	70,840
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**MEIGSVILLE TOWNSHIP
MORGAN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Funds</u>	
Cash Receipts:				
Local Taxes	\$18,962	\$35,732	\$	\$54,694
Intergovernmental	19,546	64,887		84,433
Licenses, Permits, and Fees	700			700
Earnings on Investments	1,754	3,114	43	4,911
Other Revenue		1,505		1,505
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	40,962	105,238	43	146,243
	<hr/>	<hr/>	<hr/>	<hr/>
Cash Disbursements:				
Current:				
General Government	27,879			27,879
Public Safety		15,038		15,038
Public Works		103,152		103,152
Health	7,361		1,311	8,672
Debt Service:				
Redemption of Principal		3,931		3,931
Interest and Fiscal Charges		1,596		1,596
Capital Outlay		59,894		59,894
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	35,240	183,611	1,311	220,162
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	5,722	(78,373)	(1,268)	(73,919)
	<hr/>	<hr/>	<hr/>	<hr/>
Other Financing Receipts/(Disbursements):				
Proceeds from Sale of Public Debt:				
Sale of Notes		55,000		55,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	0	55,000	0	55,000
	<hr/>	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	5,722	(23,373)	(1,268)	(18,919)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	21,963	76,621	1,268	99,852
	<hr/>	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	27,685	53,248	0	80,933
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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

**MEIGSVILLE TOWNSHIP
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 and 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Meigsville Township, Morgan 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 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'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. 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 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:

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

Motor Vehicle License Tax Fund - This fund receives motor vehicle license tax money for constructing, maintaining and repairing Township roads.

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

Fire Levy Fund – This fund receives property tax money for the purpose of providing fire protection to residents of the Township.

Recreation Levy Fund – This fund receives property tax money for the purpose of maintaining and repairing recreational areas in the Township.

**MEIGSVILLE TOWNSHIP
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Fund Accounting (Continued)

3. Fiduciary Funds (Trust Funds)

These funds are used to account for the resources restricted by legally binding trust agreements. The Township had the following significant Expendable Trust Fund:

Cemetery Trust Fund – This fund receives interest money from investments of trust fund monies. This revenue is used for the maintenance of the cemetery.

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 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. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year. The Township did not properly encumber all commitments required by Ohio law.

A summary of 2001 and 2000 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.

**MEIGSVILLE TOWNSHIP
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

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:

	2001	2000
Demand deposits	\$70,840	\$80,933

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$30,259	\$40,496	\$10,237
Special Revenue	95,461	109,841	14,380
Total	\$125,720	\$150,337	\$24,617

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$58,000	\$40,507	\$17,493
Special Revenue	147,644	119,923	27,721
Total	\$205,644	\$160,430	\$45,214

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$32,347	\$40,962	\$8,615
Special Revenue	103,019	160,238	57,219
Fiduciary	49	43	(6)
Total	\$135,415	\$201,243	\$65,828

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Budgeted Expenditures	Actual Expenditures	Variance
General	\$53,616	\$35,240	\$18,376
Special Revenue	156,840	183,611	(26,771)
Fiduciary	0	1,311	(1,311)
Total	\$210,456	\$220,162	(\$9,706)

**MEIGSVILLE TOWNSHIP
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

Ohio law prohibits expenditures from exceeding appropriations. During 2000, the following funds had expenditures which exceeded appropriations:

<u>Fund</u>	<u>Appropriations</u>	<u>Disbursements</u>	<u>Variance</u>
Gasoline Tax	\$80,800	\$127,613	(\$46,813)
Fire Levy	5,000	15,038	(10,038)
Cemetery Trust	0	1,311	(1,311)

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 payments, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township. Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. DEBT

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Promissory Note	<u>\$42,190</u>	<u>5.95%</u>

The promissory note was issued to finance the purchase of a new dump truck to be used for Township road maintenance. The note is collateralized by the dump truck.

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

Year ending December 31:	<u>Promissory Note</u>
2002	\$11,055
2003	11,055
2004	11,055
2005	11,055
2006	5,526
Total	<u>\$49,746</u>

**MEIGSVILLE TOWNSHIP
MORGAN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

6. RETIREMENT SYSTEMS

The Township's elected officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is 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 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for January 1 through June 30, 2000, and for 2001. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

The Township is a member of the Ohio Township Association Risk Management Authority (the Pool) which is a risk pool discussed at Note 8. The following risks are covered by the Pool:

- Legal Liability, third party claims coverage
- Automobile Liability
- Automobile Physical Damage
- Wrongful Acts
- Property, including building and contents and inland marine

The Township has elected not to procure a group health insurance plan. However, in accordance with Ohio Revised Code 505.60, the Township has opted to reimburse the clerk and trustees for out-of-pocket insurance premiums for allowable insurance coverage up to a maximum of \$5,500.

8. RISK MEMBERSHIP POOL

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

OTARMA retains casualty risks up to \$250,000 per occurrence. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, which the General Reinsurance Corporation will reinsure.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

MEIGSVILLE TOWNSHIP
MORGAN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)

8. RISK MEMBERSHIP POOL (Continued)

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and report the following assets, liabilities and retained earnings at December 31, 2001 and 2000 (the latest information available):

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$23,703,776	\$22,684,383
Liabilities	<u>9,379,003</u>	<u>8,924,977</u>
Retained earnings	<u>\$14,324,773</u>	<u>\$13,759,406</u>
<u>Property Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$5,011,131	\$4,156,784
Liabilities	<u>647,667</u>	<u>497,831</u>
Retained earnings	<u>\$4,363,464</u>	<u>\$3,658,953</u>



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

Meigsville Township
Morgan County
125 Johnson Lane
McConnelsville, Ohio 43756

To the Board of Trustees:

We have audited the accompanying financial statements of Meigsville Township, Morgan County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated May 24, 2002. 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 *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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2001-41058-001 through 2001-41058-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated May 24, 2002.

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 certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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. Reportable conditions are described in the accompanying Schedule of Findings as items 2001-41058-002 through 2001-41058-004.

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, of the reportable conditions described above, we consider item 2001-41058-004 to be 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 May 24, 2002.

This report is intended solely 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", written in a cursive style.

Jim Petro
Auditor of State

May 24, 2002

**MEIGSVILLE TOWNSHIP
MORGAN COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number	2001-41058-001
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Finding for Adjustment

Ohio Rev. Code § 505.60(B) states, in part, that the township may pay for insurance benefits from the funds or budgets from which the officers or employees are compensated for services. The Township Clerk was compensated from the General Fund during 2000 and 2001.

During both 2000 and 2001, the Township paid for portions of the Clerk’s health insurance from the Gasoline Tax Fund and Road and Bridge Fund.

As a result of the foregoing facts, a finding for adjustment is hereby issued against the General Fund in the amount of \$608 and in favor of the Gasoline Tax Fund and Road and Bridge Fund in the amounts of \$224 and \$384, respectively.

We recommend the Township pay all of the Clerk’s salary and benefits from the General Fund. Adjustments with which management agrees, have been made to the Township’s books and are reflected in the accompanying financial statements.

Finding Number	2001-41058-002
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Noncompliance Citation and Reportable Condition

Ohio Rev. Code § 5705.41(B) prohibits subdivisions or taxing authorities from expending money unless it has been appropriated.

At December 31, 2000, the following funds had expenditures which exceeded appropriations:

Fund	Appropriations	Disbursements	Variance
Gasoline Tax	\$80,800	\$127,613	(\$46,813)
Fire Levy	5,000	15,038	(10,038)
Cemetery Trust	0	1,311	(1,311)

These negative variances resulted from the Board not budgeting for various items, including the purchase of a dump truck in the Gasoline Tax Fund and payment for a fence project in the Cemetery Fund.

The Clerk should deny payment requests exceeding appropriations. The Clerk may request the Trustees to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary. We also recommend the Board of Trustees and Clerk compare expenditures to appropriations on a monthly basis. If appropriations in addition to those already adopted will be needed, then the Board should take the necessary steps to adopt additional appropriations, if possible. The Board should first approve additional appropriations and then send them to the County Auditor to obtain a certificate that appropriations do not exceed the estimated resources. The Clerk and the Board should not expend funds until appropriations are available and properly approved.

**MEIGSVILLE TOWNSHIP
MORGAN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000
(Continued)**

FINDINGS RELATED TO TH0E FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

Finding Number	2001-41058-003
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Noncompliance Citation and Reportable Condition

Ohio Rev. Code § 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 from any previous encumbrances. 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 - This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time the certification is being completed, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Board of Trustees may authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the Township.
- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Board of Trustees.

In addition, Ohio Admin. Code § 117-2-02(C)(2) recommends that purchase orders be used to approve purchase commitments and to encumber funds against the applicable appropriation accounts, as required by Ohio Rev. Code § 5705.41 (D). This section also provides that purchase orders are not effective unless the fiscal officer’s certificate is attached. The certificate should be attached at the time a commitment to purchase goods or services is made.

The Township did not include certification language as part of its purchase orders. For 45% of the transactions tested, no purchase orders were prepared. This failure to properly certify and encumber resulted in noncompliance with Ohio Rev. Code 5705.41(B) as noted in finding number 2001-41058-002.

We recommend the Township prepare purchase orders which contain certification language. Proper certification from the Clerk should be obtained prior to incurring any obligation on behalf of the Township.

Finding Number	2001-41058-004
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Noncompliance Citation and Material Weakness

Ohio Admin. Code § 117-2-02 provides that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

Ohio Admin. Code § 117-2-02(C)(1) recommends that all public offices should integrate the budgetary account, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

**MEIGSVILLE TOWNSHIP
MORGAN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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Finding Number	2001-41058-004 (Continued)
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Ohio Admin. Code § 117-2-02(D)(2) provides that a receipts ledger, which typically assembles and classifies receipts into separate accounts for each type of receipt of each fund the public office uses, should be used. The amount, date, name of the payor, purpose, receipt number, and other information required for the transactions can be recorded on this ledger.

Ohio Admin. Code § 117-2-02(D)(3), provides that an appropriation ledger, which may assemble and classify disbursements into separate accounts for, at a minimum, each account listed in the appropriation resolution should be used. The amount, fund, date, check number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, and any other information required may be entered in the appropriate columns.

The following conditions were noted:

1. Numerous receipt transactions were posted to the cashbook but were not posted to the receipts ledger. Additionally, there were numerous instances where receipts were not properly classified.
2. Numerous disbursement transactions were posted to the cashbook, but were not posted to the appropriations ledger. Additionally, there were numerous instances where disbursements were not properly classified.
3. Budgeted receipt amounts from the certificate of estimated resources were not posted to the receipts ledger.
4. Budgeted expenditures (appropriations) were posted to the appropriations ledger but balances of unencumbered appropriations were not maintained. For certain accounts, the appropriations posted to the appropriations ledger were not those legally adopted by the Board of Trustees.
5. The receipts and appropriations ledgers were not reconciled to the cashbook.

As a result, the Township did not prepare an accurate financial statement for either 2000 or 2001. There was no method established whereby the Board of Trustees and the Clerk could accurately compare budgeted to actual receipts and file any amended certificates of estimated resources when needed. Disbursements were made without being appropriated and there was no method established whereby Township management could monitor the types of expenditures being made and the year-to-date expenditures made for any particular expenditure function. Numerous adjustments and reclassifications were necessary in order to properly classify the Township's receipts and disbursements. The Township was unable to effectively monitor budget verses actual activity. Maintaining records as suggested above would facilitate Township management in complying with budgetary laws.

We recommend the Township maintain its books as suggested above and post receipts and disbursements in accordance with the chart of accounts provided in the *Ohio Township Handbook*.

**MEIGSVILLE TOWNSHIP
MORGAN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-41058-001	Ohio Rev. Code Section 5705.41(D), failure to properly certify availability of funds.	No	This is repeated in the current audit as finding 2001-41058-003.
1999-41058-002	Ohio Rev. Code Section 5705.41 (B), expenditures in excess of appropriations	No	This is repeated in the current audit as finding 2001-41058-002.



STATE OF OHIO
OFFICE OF THE AUDITOR

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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 11, 2002**