

Meigs County

Single Audit

January 1, 2005 through Decemeber 31, 2005

Fiscal Year Audited Under GAGAS: 2005

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**Auditor of State
Betty Montgomery**

County Commissioners
Meigs County
100 East Second Street
Pomeroy, Ohio 45769

We have reviewed the *Independent Auditor's Report* of Meigs County, prepared by Balestra, Harr & Scherer, CPAs, Inc. for the audit period January 1, 2005 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Meigs County is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

August 16, 2006

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditor's Report

County Commissioners
Meigs County
100 East Second Street
Pomeroy, Ohio 45769

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Meigs County, Meigs County, Ohio, (the County) as of and for the year ended December 31, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Meigs Industries, Inc., which included as a discrete presentation in the County's basic financial statements. These financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion insofar as it relates to the amounts included for Meigs Industries, Inc., is based solely on the report of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Governmental 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 opinions.

Ohio Administrative Code § 117-2-03 (B) requires the County to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash basis of accounting. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of December 31, 2005, and the respective changes in cash basis financial position and the respective budgetary comparison for the general fund, MRDD fund, public assistance fund, auto license and gas fund, and children's services fund thereof for the year then ended in conformity with accounting basis Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2006, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 9 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The schedule of federal awards expenditures is required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedule of federal awards expenditures has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 15, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosure*



Balestra, Harr & Scherer, CPAs, Inc.
June 23, 2006

Meigs County
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

The discussion and analysis of Meigs County's financial performance provides an overview of the County's financial activities for the year ended December 31, 2005, within the limitations of the County's cash basis of accounting. Please read this in conjunction with the County's financial statements that begin on page 10 and notes to the basic financial statements which begin on page 16.

Financial Highlights

Key financial highlights for 2005 are as follows:

Overall:

Total net assets increased \$721,676.

Total cash receipts were \$21,932,200 in 2005.

Total program cash disbursements were \$21,210,524 in 2005.

Program cash disbursements were primarily composed of Human Services and Public Works related cash disbursements which were \$9,383,198 and \$5,690,148, respectively in 2005.

All governmental funds had total cash receipts and other financing sources of \$22,086,075 and cash disbursements and other financing uses of \$21,364,399.

Using this Basic Financial Report

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the County's cash basis of accounting.

The *Statement of Net Assets-Cash Basis* and *Statement of Activities-Cash Basis* provide information about the activities of the whole County, presenting both an aggregate view of the County's cash basis finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. The fund financial statements also look at the County's most significant funds with all other non-major funds presented in total in one column. In the case of Meigs County, the General Fund, MR/DD, Public Assistance, Auto License and Gas, and the Children's Services Special Revenue Funds are the most significant funds and have been presented as major funds.

Reporting the County as a Whole

The County's Reporting Entity Presentation

This annual report includes all activities for which Meigs County is fiscally responsible. These activities, defined as the County's reporting entity, are operated within separate legal entities that make up the primary government and one other separate legal entity that is presented as a component unit. The primary government consists of Meigs County. The component unit presentation includes the following separate legal entity, Meigs Industries, Inc. which is discussed further in Note 1 to the basic financial statements.

Meigs County
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the County to provide programs and activities, the view of the County as a whole looks at all cash basis financial transactions and asks the question, "How did we do financially during 2005?" The Statement of Net Assets and the Statement of Activities report information about the County as a whole and about its activities in a way that helps answer this question. These statements include *only net assets* using the *cash basis of accounting*, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid. These two statements report the County's *net assets* and changes in those assets. This change in net assets is important because it tells the reader whether, for the County as a whole, the *cash basis financial position* of the County has improved or diminished. The causes of this change may be the result of many factors, some financial, some not.

Non-financial factors include the County's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated federal and state programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

In the Statement of Net Assets and the Statement of Activities, all of the County's programs and services are reported as governmental activities including general government, public safety, public works, health, human services, community and economic development, capital outlay, and debt service.

Component unit activity

Meigs Industries, Inc. is a separate legal entity, but the County includes its activity since the County is financially accountable for this entity.

Reporting the County's Most Significant Funds

Fund Financial Statements

The analysis of the County's major funds begins on page 8. Fund financial reports provide detailed information about the County's major funds. The County uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the County's most significant funds. The County's most significant funds that have been presented as major governmental funds are the General Fund, MR/DD, Public Assistance, Auto License and Gas, and Children's Services Special Revenue Funds.

Governmental Funds Most of the County's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. The governmental fund statements provide a detailed view of the County's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer cash basis financial resources that can be readily spent to finance various County programs. Since the County is reporting on the cash basis of accounting, there are no differences in the net assets and fund cash balances or changes in net assets and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements.

Meigs County
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

The County as a Whole

Recall that the Statement of Net Assets provides the perspective of the County as a whole. Table 1 provides a comparative summary of the County's Net Assets for 2005 as compared to 2004:

Table 1
 Net Assets/Cash Basis

	<i>Governmental Activities</i>	
<i>Assets</i>	<u>2005</u>	<u>2004</u>
Equity in Pooled Cash and Cash Equivalents	\$4,032,576	\$3,310,900
<i>Total Assets</i>	4,032,576	3,310,900
<i>Net Assets</i>		
Restricted	3,527,869	2,964,570
Unrestricted	504,707	346,330
<i>Total Net Assets</i>	\$4,032,576	\$3,310,900

The increase in Equity in Pooled Cash and Cash Equivalents increased from the prior year mainly due to an increase in intergovernmental revenues.

Meigs County
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Table 2 shows changes in Net Assets for 2005 as compared to 2004.

Table 2
Changes in Net Assets/Cash Basis

	Governmental	
	Activities	
	<u>2005</u>	<u>2004</u>
<i>Cash Receipts</i>		
<i>Program Cash Receipts</i>		
Charges For Services and Sales	\$2,591,363	\$2,267,971
Operating Grants and Contributions	13,938,086	12,366,930
Total Program Cash Receipts	<u>16,529,449</u>	<u>14,634,901</u>
<i>General Cash Receipts</i>		
Property Taxes	2,782,230	2,678,804
Sales Taxes	1,088,139	1,092,525
Grants and Entitlements not		
Restricted to Specific Programs	444,105	495,572
Interest Receipts	184,828	153,582
Proceeds from the Sale of Assets	-	250,000
Proceeds from the Sale of Notes	262,456	-
Miscellaneous	640,993	661,633
Total General Cash Receipts	<u>5,402,751</u>	<u>5,332,116</u>
Total Cash Receipts	<u>21,932,200</u>	<u>19,967,017</u>
<i>Cash Disbursements</i>		
<i>Program Cash Disbursements</i>		
General Government		
Legislative and Executive	1,303,787	1,358,306
Judicial	947,241	853,888
Public Safety	1,529,988	1,888,464
Public Works	5,690,148	4,561,843
Health	1,493,199	1,427,272
Human Services	9,383,198	8,626,798
Community and Economic Development	140,121	199,215
Other	445,159	592,255
Capital Outlay	49,487	41,774
Debt Service:		
Principal Retirement	188,298	478,684
Interest and Fiscal Charges	39,898	52,767
Total Cash Disbursements	<u>21,210,524</u>	<u>20,081,266</u>
 Change In Net Cash Assets	 721,676	 (114,249)
Net Cash Assets at Beginning of Year	<u>3,310,900</u>	<u>3,425,149</u>
Net Cash Assets at End of Year	<u>\$ 4,032,576</u>	<u>\$ 3,310,900</u>

Meigs County
Management's Discussion and Analysis
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Unaudited

The increase to operating grants and contributions is contributed to the County applying for and receiving new grant monies during 2005. The decrease to Charges for Services is due to less fines and forfeitures being collected by the county. The decrease to principal retirement is due to the County paying off debt in 2004.

Property taxes made up 12.7 percent and sales taxes made up 5 percent of cash receipts for governmental activities for Meigs County in fiscal year 2005. Operating grants and contributions made up 63.6 percent and charges for services and sales made up 11.8 percent of cash receipts for governmental activities for the County.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax receipts and unrestricted State entitlements. The County's tax receipts, intergovernmental monies, and other general revenues provided 25.5 percent of total cash receipts. Charges for services and operating grants and contributions provided the other 74.5 percent of the receipts used to support the County's governmental activities. The taxpayers (through sales and property taxes) and the State of Ohio, as a whole, provide the vast majority of resources for Meigs County. Table 3 below shows the total and net cost of services (on a cash basis) for the County.

Table 3
 Total Cost of Program Services
 Governmental Activities

	<u>2005</u>		<u>2004</u>	
	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>	<u>Total Cost of Service</u>	<u>Net Cost of Service</u>
Governmental Activities				
General Government				
Legislative and Executive	\$1,303,787	\$947,496	\$1,358,306	\$850,764
Judicial	947,241	649,631	853,888	528,820
Public Safety	1,529,988	729,269	1,888,464	834,119
Public Works	5,690,148	820,911	4,561,843	870,597
Health	1,493,199	297,851	1,427,272	327,262
Human Services	9,383,198	640,013	8,626,798	1,130,672
Community and Economic Development	140,121	18,999	199,215	35,935
Other	445,159	379,046	592,255	413,690
Capital Outlay	49,487	49,487	41,774	21,575
Debt Service				
Principal Retirement	188,298	114,443	478,684	388,918
Interest and Fiscal Charges	39,898	33,929	52,767	44,013
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Cash Disbursements				
- Governmental Activities	<u>\$21,210,524</u>	<u>\$4,681,075</u>	<u>\$20,081,266</u>	<u>\$5,446,365</u>

Meigs County
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

The County's Funds

Information about the County's major funds starts on page 12. These funds are accounted for using the cash basis of accounting. The net change in fund balance for the year was most significant in the MR/DD Fund and the Public Assistance Fund, where the MR/DD Fund cash balance went from \$231,450 in 2004 to \$431,360 for 2005 and the Public Assistance Fund cash balance went from \$66,539 in 2004 to \$234,629 for 2005. For the MR/DD Fund, cash disbursements exceeded cash receipts in the amount of \$199,910 and in the Public Assistance Fund, cash receipts exceeded cash disbursements in the amount of \$168,090. The General Fund cash balance increased \$158,382. These factors along with less significant changes in the other funds resulted in total governmental fund cash balances increasing \$721,676. For the Auto License and Gas Fund and the Children Service's Fund, fund balances decreased \$27,505 and increased \$54,699, respectively.

General Fund Budgeting Highlights

The County's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. For the General Fund, final budget basis receipts and other financing sources were \$3,598,743, which was \$277,621 above original budget estimates of \$3,321,122. Of this difference, \$142,235 represents monies received by the county for various reimbursements, \$86,402 represents taxes received in excess of original estimates and various other receipt categories make up the remaining amount. Total actual disbursements and other financing uses on the budget basis (cash outlays plus encumbrances) were \$3,817,062, \$21,719 below cash receipts.

Capital Assets and Debt Administration

Capital Assets

The County does not record capital assets in the accompanying basic financial statements, but does record payments for capital assets as disbursements. The County had capital outlay disbursements of \$49,487 during fiscal year 2005.

Debt

Under the cash basis of accounting the County does not report bonds, long-term notes or short-term notes in the accompanying cash basis financial statements. However, in order to provide information to the readers of this report, we are providing the following detailed information about bonds, long-term notes and short-term notes. At December 31, 2005 the County had \$829,574 in bonds and related long-term debt outstanding for Governmental Activities.

Table 4 summarizes bonds and other long-term obligations outstanding for Governmental Activities:

Table 4
 Outstanding Debt at December 31
 Governmental Activities

	2005	2004
General Obligation Bonds	\$390,000	\$455,000
OPWC Promissory Note	75,950	91,924
Loans	363,624	208,492
Totals	\$829,574	\$755,416

For additional information regarding debt, please see Note 9 to the basic financial statements.

Meigs County
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Current Financial Related Activities

As the preceding information shows, the County heavily depends on its property taxes, sales tax and intergovernmental monies. Since the property tax receipts do not grow at the same level as inflation, the County will be faced with significant challenges over the next several years to contain costs and ultimately determine what options are available to the County to increase financial resources.

All of the County's financial abilities will be needed to meet the challenges of the future.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the County's cash basis finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information contact Nancy Parker Grueser, County Auditor at Meigs County, 110 East Second Street, Pomeroy, Ohio 45769, or email at meigsauditor@charter.net.

Meigs County
Statement of Net Assets - Cash Basis
December 31, 2005

	<u>Primary Governmental Activities</u>	<u>Component Unit</u>
ASSETS:		
Equity in Pooled Cash and Cash Equivalents	\$ 4,032,576	\$ 27,792
<i>Total Assets</i>	<u>4,032,576</u>	<u>27,792</u>
NET ASSETS:		
Restricted for Debt Service	28,950	-
Restricted for Capital Outlay	24,315	-
Restricted for Other Purposes	3,474,599	-
Unrestricted	<u>504,712</u>	<u>27,792</u>
<i>Total Net Assets</i>	<u>\$ 4,032,576</u>	<u>\$ 27,792</u>

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

Meigs County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2005

	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Assets</u>	
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government- Governmental Activities</u>	<u>Component Unit- Meigs Industries, Inc.</u>
Governmental Activities:					
General Government:					
Legislative and Executive	\$ 1,303,787	\$ 174,239	\$ 182,052	\$ (947,496)	\$ -
Judicial	947,241	121,970	175,640	(649,631)	-
Public Safety	1,529,988	287,766	512,953	(729,269)	-
Public Works	5,690,148	365,295	4,503,942	(820,911)	-
Health	1,493,199	105,689	1,089,659	(297,851)	-
Human Services	9,383,198	1,455,607	7,287,578	(640,013)	-
Community and Economic Development	140,121	8,851	112,271	(18,999)	-
Other	445,159	66,113		(379,046)	-
Capital Outlay	49,487			(49,487)	-
Debt Service:					
Principal Retirement	188,298	5,397	68,458	(114,443)	-
Interest and Fiscal Charges	39,898	436	5,533	(33,929)	-
<i>Total Primary Government</i>	<u>\$ 21,210,524</u>	<u>\$ 2,591,363</u>	<u>\$ 13,938,086</u>	<u>(4,681,075)</u>	<u>-</u>
Component Unit:					
Meigs Industries, Inc.	<u>\$ 282,841</u>	<u>\$ 285,204</u>	<u>\$ -</u>	<u>-</u>	<u>2,363</u>
General Cash Receipts:					
Property Taxes Levied for:					
General Purposes				1,144,437	-
Debt Service				9,116	-
Other Purposes				1,628,677	-
Sales Taxes Levied for General Purposes				1,088,139	-
Grants and Entitlements Not Restricted to Specific Programs				444,105	-
Interest Receipts				184,828	-
Proceeds from the Sale of Notes				262,456	-
Miscellaneous				640,993	-
<i>Total General Cash Receipts</i>				<u>5,402,751</u>	<u>-</u>
<i>Changes in Net Assets</i>				721,676	2,363
<i>Net Assets Beginning of Year</i>				<u>3,310,900</u>	<u>25,429</u>
<i>Net Assets End of Year</i>				<u>\$ 4,032,576</u>	<u>\$ 27,792</u>

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

Meigs County
*Statement of Cash Basis Assets and Fund Balances and
Cash Receipts, Disbursements, and Changes in Fund Balances - Governmental Funds - Cash Basis
For the Year Ended December 31, 2005*

	<u>General</u>	<u>MR/DD</u>	<u>Public Assistance</u>	<u>Auto License & Gas</u>	<u>Children's Services</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
CASH RECEIPTS:							
Taxes	\$ 2,232,576	1,049,293	-	-	-	\$ 588,500	\$ 3,870,369
Charges for Services	539,060	-	838,360	-	-	1,098,762	2,476,182
Licenses and Permits	2,407	-	-	-	-	3,696	6,103
Fines and Forfeitures	93,646	-	-	10,681	-	4,751	109,078
Intergovernmental	444,105	937,892	4,960,748	3,730,748	355,511	3,953,187	14,382,191
Interest	182,578	-	-	2,250	-	-	184,828
Other	311,284	57,567	1,000	21,417	62,120	187,605	640,993
<i>Total Cash Receipts</i>	<u>3,805,656</u>	<u>2,044,752</u>	<u>5,800,108</u>	<u>3,765,096</u>	<u>417,631</u>	<u>5,836,501</u>	<u>21,669,744</u>
CASH DISBURSEMENTS:							
Current:							
General Government:							
Legislative and Executive	1,076,576	-	-	-	-	227,211	1,303,787
Judicial	728,032	-	-	-	-	219,209	947,241
Public Safety	889,793	-	-	-	-	640,195	1,529,988
Public Works	68,966	-	-	3,915,477	-	1,705,705	5,690,148
Health	133,242	-	-	-	-	1,359,957	1,493,199
Human Services	287,881	1,784,842	5,632,018	-	362,932	1,315,525	9,383,198
Community and Economic Development	-	-	-	-	-	140,121	140,121
Other	445,159	-	-	-	-	-	445,159
Capital Outlay	-	-	-	-	-	49,487	49,487
Debt Service:							
Principal Retirements	-	-	-	82,514	-	105,784	188,298
Interest and Fiscal Charges	-	-	-	6,906	-	32,992	39,898
<i>Total Cash Disbursements</i>	<u>3,629,649</u>	<u>1,784,842</u>	<u>5,632,018</u>	<u>4,004,897</u>	<u>362,932</u>	<u>5,796,186</u>	<u>21,210,524</u>
<i>Excess (Deficiencies) of Cash Receipts Over (Under) Cash Disbursements</i>	<u>176,007</u>	<u>259,910</u>	<u>168,090</u>	<u>(239,801)</u>	<u>54,699</u>	<u>40,315</u>	<u>459,220</u>
OTHER FINANCING SOURCES (USES):							
Transfers In	-	-	-	-	-	92,000	92,000
Proceeds from Sale of Notes	-	-	-	212,296	-	50,160	262,456
Advances In	33,125	-	-	-	-	28,750	61,875
Advances Out	(18,750)	-	-	-	-	(43,125)	(61,875)
Transfers Out	(32,000)	(60,000)	-	-	-	-	(92,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(17,625)</u>	<u>(60,000)</u>	<u>-</u>	<u>212,296</u>	<u>-</u>	<u>127,785</u>	<u>262,456</u>
<i>Net Change in Fund Cash Balances</i>	158,382	199,910	168,090	(27,505)	54,699	168,100	721,676
<i>Cash Basis Fund Balances at Beginning of Year</i>	346,330	231,450	66,539	280,803	382,449	2,003,329	3,310,900
<i>Cash Basis Fund Balances at End of Year</i>	<u>\$ 504,712</u>	<u>\$ 431,360</u>	<u>\$ 234,629</u>	<u>\$ 253,298</u>	<u>\$ 437,148</u>	<u>\$ 2,171,429</u>	<u>\$ 4,032,576</u>
<i>Cash Basis Assets at End of Year Equity in Pooled Cash and Cash Equivalents</i>	<u>\$ 504,712</u>	<u>\$ 431,360</u>	<u>\$ 234,629</u>	<u>\$ 253,298</u>	<u>\$ 437,148</u>	<u>\$ 2,171,429</u>	<u>\$ 4,032,576</u>
Cash Basis Fund Balances at End of Year							
Reserved for Encumbrances	136,663	15,594	26,074	26,885	2,264	25,080	232,560
Unreserved, Undesignated (Deficit), Reported in:							
General Fund	368,049	-	-	-	-	-	368,049
Special Revenue Funds	-	415,766	208,555	226,413	434,884	2,093,084	3,378,702
Debt Service Funds	-	-	-	-	-	28,950	28,950
Capital Projects Funds	-	-	-	-	-	24,315	24,315
<i>Total Cash Basis Fund Balances</i>	<u>\$ 504,712</u>	<u>\$ 431,360</u>	<u>\$ 234,629</u>	<u>\$ 253,298</u>	<u>\$ 437,148</u>	<u>\$ 2,171,429</u>	<u>\$ 4,032,576</u>

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

Meigs County
*Statement of Cash Receipts, Cash Disbursements,
and Changes in Fund Cash Balances (Budgetary Basis)*
For the Year Ended December 31, 2005

	General Fund			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>Budgetary Basis Receipts:</u>				
Taxes	\$ 2,082,663	\$ 2,169,065	\$ 2,232,576	\$ 63,511
Charges for Services	504,765	504,992	539,060	34,068
Licenses and Permits	2,210	2,210	2,407	197
Fines and Forfeitures	110,600	110,600	93,646	(16,954)
Intergovernmental	381,000	381,000	444,105	63,105
Interest	150,000	150,000	182,578	32,578
Other	89,884	280,876	311,284	30,408
Total Receipts	<u>3,321,122</u>	<u>3,598,743</u>	<u>3,805,656</u>	<u>206,913</u>
<u>Budgetary Basis Disbursements:</u>				
General Government:				
Legislative and Executive	1,036,665	1,171,195	1,131,181	40,014
Judicial	728,032	792,018	764,959	27,059
Public Safety	889,793	967,996	934,924	33,072
Public Works	68,966	68,966	68,966	-
Health	133,242	133,242	133,242	-
Human Services	287,881	287,881	287,881	-
Other	445,159	445,159	445,159	-
Total Disbursements	<u>3,589,738</u>	<u>3,866,457</u>	<u>3,766,312</u>	<u>100,145</u>
Excess of Receipts Over (Under) Disbursements	<u>(268,616)</u>	<u>(267,714)</u>	<u>39,344</u>	<u>106,768</u>
<u>Other Financing Sources (Uses):</u>				
Advances In	-	-	33,125	33,125
Transfers Out	(32,000)	(32,000)	(32,000)	-
Advances Out	(18,750)	(18,750)	(18,750)	-
Total Other Financing Sources (Uses)	<u>(50,750)</u>	<u>(50,750)</u>	<u>(17,625)</u>	<u>33,125</u>
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	<u>(319,366)</u>	<u>(318,464)</u>	<u>21,719</u>	<u>340,183</u>
Fund Balance (Deficit) at Beginning of Year	276,054	276,054	276,054	
Prior Year Encumbrances Appropriated	70,276	70,276	70,276	
Fund Balance (Deficit) at End of Year	<u>\$ 26,964</u>	<u>\$ 27,866</u>	<u>\$ 368,049</u>	<u>\$ 340,183</u>

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

Meigs County
*Statement of Cash Receipts, Cash Disbursements,
and Changes in Fund Cash Balances (Budgetary Basis)*
For the Year Ended December 31, 2005

	MR/DD Fund			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<u>Budgetary Basis Receipts:</u>				
Taxes	\$ 960,645	\$ 1,049,293	\$ 1,049,293	\$ -
Intergovernmental	840,960	840,960	937,892	96,932
Other	53,678	53,678	57,567	3,889
Total Receipts	<u>1,855,283</u>	<u>1,943,931</u>	<u>2,044,752</u>	<u>100,821</u>
<u>Budgetary Basis Disbursements:</u>				
Human Services	<u>1,681,603</u>	<u>1,996,343</u>	<u>1,800,436</u>	<u>195,907</u>
Total Disbursements	<u>1,681,603</u>	<u>1,996,343</u>	<u>1,800,436</u>	<u>195,907</u>
Excess of Receipts Over (Under) Disbursements	<u>173,680</u>	<u>(52,412)</u>	<u>244,316</u>	<u>296,728</u>
<u>Other Financing Sources (Uses):</u>				
Transfers Out	<u>(60,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(60,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>	<u>-</u>
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	113,680	(112,412)	184,316	296,728
Fund Balance (Deficit) at Beginning of Year	228,347	228,347	228,347	-
Prior Year Encumbrances Appropriated	3,103	3,103	3,103	-
Fund Balance (Deficit) at End of Year	<u>\$ 345,130</u>	<u>\$ 119,038</u>	<u>\$ 415,766</u>	<u>\$ 296,728</u>

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

Meigs County
*Statement of Cash Receipts, Cash Disbursements,
and Changes in Fund Cash Balances (Budgetary Basis)*
For the Year Ended December 31, 2005

	Public Assistance Fund			Variance with
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget</u>
<u>Budgetary Basis Receipts:</u>				
Charges for Services	\$ -	\$ -	\$ 838,360	\$ 838,360
Intergovernmental	6,416,500	5,300,108	4,960,748	(339,360)
Other	500,000	500,000	1,000	(499,000)
Total Receipts	<u>6,916,500</u>	<u>5,800,108</u>	<u>5,800,108</u>	<u>-</u>
<u>Budgetary Basis Disbursements:</u>				
Human Services	<u>6,978,732</u>	<u>5,779,865</u>	<u>5,658,092</u>	<u>121,773</u>
Total Disbursements	<u>6,978,732</u>	<u>5,779,865</u>	<u>5,658,092</u>	<u>121,773</u>
Excess of Receipts Over (Under) Disbursements	<u>(62,232)</u>	<u>20,243</u>	<u>142,016</u>	<u>121,773</u>
Fund Balance (Deficit) at Beginning of Year	44,670	44,670	44,670	
Prior Year Encumbrances Appropriated	21,869	21,869	21,869	
Fund Balance (Deficit) at End of Year	<u>\$ 4,307</u>	<u>\$ 86,782</u>	<u>\$ 208,555</u>	<u>\$ 121,773</u>

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

Meigs County
*Statement of Cash Receipts, Cash Disbursements,
and Changes in Fund Cash Balances (Budgetary Basis)*
For the Year Ended December 31, 2005

	Auto License and Gas Fund			Variance with Final Budget
	Original Budget	Final Budget	Actual	
Budgetary Basis Receipts:				
Fines and Forfeitures	\$ 10,000	\$ 10,000	\$ 10,681	\$ 681
Intergovernmental	3,519,000	3,721,028	3,730,748	9,720
Interest	-	-	2,250	2,250
Other	32,000	32,000	21,417	(10,583)
Total Receipts	3,561,000	3,763,028	3,765,096	2,068
Budgetary Basis Disbursements:				
Public Works	3,751,804	4,165,946	3,942,362	223,584
Principal Retirements	82,514	82,514	82,514	-
Interest and Fiscal Charges	6,906	6,906	6,906	-
Total Disbursements	3,841,224	4,255,366	4,031,782	223,584
Excess of Receipts Over (Under) Disbursements	(280,224)	(492,338)	(266,686)	225,652
Other Financing Sources (Uses):				
Proceeds from Sale of Notes	-	212,114	212,296	182
Total Other Financing Sources (Uses)	-	212,114	212,296	182
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	(280,224)	(280,224)	(54,390)	225,834
Fund Balance (Deficit) at Beginning of Year	260,964	260,964	260,964	-
Prior Year Encumbrances Appropriated	19,839	19,839	19,839	-
Fund Balance (Deficit) at End of Year	\$ 579	\$ 579	\$ 226,413	\$ 225,834

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

Meigs County
*Statement of Cash Receipts, Cash Disbursements,
and Changes in Fund Cash Balances (Budgetary Basis)*
For the Year Ended December 31, 2005

Children's Services Fund				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Budgetary Basis Receipts:				
Intergovernmental	\$ 470,433	\$ 355,511	\$ 355,511	\$ -
Other	83,017	62,120	62,120	-
Total Receipts	553,450	417,631	417,631	-
Budgetary Basis Disbursements:				
Human Services	853,591	798,772	365,196	433,576
Total Disbursements	853,591	798,772	365,196	433,576
Excess of Receipts Over (Under) Disbursements	(300,141)	(381,141)	52,435	433,576
Fund Balance (Deficit) at Beginning of Year	380,549	380,549	380,549	-
Prior Year Encumbrances Appropriated	1,900	1,900	1,900	-
Fund Balance (Deficit) at End of Year	\$ 82,308	\$ 1,308	\$ 434,884	\$ 433,576

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

Meigs County
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Fund
December 31, 2005

	<u>Agency Fund</u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	\$ 1,700,267
Cash and Cash Equivalents in Segregated Accounts	<u>472,324</u>
<i>Total Assets</i>	<u>2,172,591</u>
NET ASSETS:	
Unrestricted	<u>2,172,591</u>
<i>Total Net Assets</i>	<u><u>\$ 2,172,591</u></u>

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

MEIGS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 1 – REPORTING ENTITY

Meigs County (the County), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The County operates under the direction of a three-member elected Board of County Commissioners. Other officials elected by the voters of the County that manage various segments of the County's operations are the Auditor, Treasurer, Recorder, Clerk of Courts, Coroner, Engineer, Prosecuting Attorney, Sheriff, a Common Pleas Court Judge, and a Probate/Juvenile Court Judge.

Although the elected officials manage the internal operations of their respective departments, the County Commissioners authorize cash disbursements as well as serve as the budget and taxing authority, contracting body, and the chief administrators of public service for the entire County.

Management believes the financial statements included in this report represent all of the funds of the County over which the County has the ability to exercise direct operating control, except as described below:

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the County are not misleading.

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the County. For Meigs County, this includes all departments and activities that are directly operated by the elected County officials.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) The County is able to significantly influence the programs or services performed or provided by the organization; or (2) The County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the County in that the County approves the budget, the issuance of debt, or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the County, are accessible to the County and are significant in amount to the County.

Component Unit

Meigs Industries, Inc. is a legally separate, not-for-profit corporation, served by a self-appointing Board of Trustees. Meigs Industries is under a contractual agreement with the Meigs County Board of Mental Retardation and Development Disabilities (MRDD) to provide sheltered employment for mentally retarded or handicapped adults in the County. MRDD provides the Program with wages and other funds as necessary for the operation of Meigs Industries. Based on the significant services and resources provided by the County to the Program and the sole purpose of the Program to provide assistance to the retarded and handicapped adults of the County, the Program is considered to be a component unit of Meigs County. Separately issued financial statements can be obtained from the administrative offices of Meigs Industries Inc., 1310 Carleton Street, Syracuse, Ohio 45779.

The County has elected to include in the component unit column Meigs Industries, Inc. as a discretely presented component unit in the accompanying basic financial statements. See also Note 2 to the basic financial statements entitled government-wide financial statements.

MEIGS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 1 – REPORTING ENTITY (Continued)

Separate Agencies

As the custodian of public funds, the County Treasurer invests all public monies held on deposit in the County treasury. In the case of the separate agencies listed below, the County serves as fiscal agent but is not financially accountable for their operations. Accordingly, the activity of the following agencies is presented as agency funds within the County's financial statements:

- The Meigs County District Board of Health is governed by a Board of Trustees which oversees the operation of the District and is elected by a regional advisory council comprised of township trustees, mayors of participating municipalities, and one County Commissioner. The District adopts its own budget and operates autonomously from the County. Funding is based on a tax levy, along with various state and federal grants applied for by the District.
- The Meigs County Soil and Water Conservation District is statutorily created as a separate and distinct political subdivision within the County. The five supervisors of the District are elected officials authorized to contract and sue on behalf of the District. The supervisors adopt their own budget, authorize District expenditures, hire and fire staff, and do not rely on the County to finance deficits.

Other Organizations

The County is also associated with certain organizations which are defined as jointly-governed organizations. These organizations are presented in Note 10 to the basic financial statements. The organizations are as follows:

- Gallia-Jackson-Meigs Counties Alcohol, Drug Addiction and Mental Health Services (ADAMH) Board
- Gallia-Jackson-Meigs-Vinton Joint Solid Waste Management District
- Gallia-Meigs Regional Airport
- Gallia-Meigs Community Action Agency
- Area Agency on Aging
- Meigs Co. Park District

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These basic financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 3, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the County's accounting policies.

A. Basis of Presentation

The County's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

MEIGS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets-cash basis presents the cash balance of governmental activities of the County at year-end. The statement of activities-cash basis presents a comparison between direct cash disbursements and program cash receipts for each program or function of the County's governmental activities. Cash disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the County is responsible. Program cash receipts include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Cash receipts which are not classified as program cash receipts are presented as general cash receipts of the County, with certain limited exceptions. The comparison of direct cash disbursements with program cash receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general cash receipts of the County.

The Government-wide Financial Statements also display information regarding one legally separate entity or component unit, for which the County is fiscally responsible. This component unit is Meigs Industries, Inc. and is described further in Note 1 to the financial statements.

Fund Financial Statements

During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. The focus of fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

B. Fund Accounting

The County uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific County functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The County classifies each fund as either governmental or fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the County are typically financed. The following are the County's major governmental funds:

General Fund

The General Fund is the general operating fund of the County and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is available to the County for any purpose provided it is expended or transferred according to the general laws of Ohio.

Board of Mental Retardation and Development Disabilities (MR/DD) Special Revenue Fund

This fund is to account for the operation of a school for the mentally retarded and developmentally disabled. Revenue sources are a county-wide property tax levy and federal and state grants.

MEIGS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Public Assistance Special Revenue Fund

This fund accounts for various federal and state grants as well as transfers from the General Fund used to provide public assistance to general relief recipients, pay their providers of medical assistance, and for certain public social services.

Auto License and Gas Special Revenue Fund

This fund accounts for monies received from state gasoline tax and motor vehicle registration fees designated for maintenance and repair of roads and bridges.

Children's Services Special Revenue Fund

This fund accounts for property taxes and federal and state funds restricted for programs designed to help abused, neglected, dependent and troubled children and their families.

The other governmental funds of the County account for grants and other resources, debt service, and capital projects, whose use is restricted to a particular purpose.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the County's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County's only fiduciary funds are agency funds which are used to account for assets held by the County for political subdivisions for which the County acts as fiscal agent and for taxes, state-levied shared revenues, and fines and forfeitures collected and distributed to other political subdivisions.

C. Basis of Accounting

Although required by Ohio Administrative Code Section 117-03(B) to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP), the County chooses to prepare its financial statements and notes in accordance with the cash basis of accounting. Receipts are recorded in the County's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these basic financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

For comparability purposes, the component unit's financial information has been presented on the cash basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP).

MEIGS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

All funds, except for agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the County Commissioners may appropriate. The appropriations resolution is the County Commissioners' authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the County Commissioners. The resolution sets annual limits on expenditures plus encumbrances at the major object level within a fund, thereby establishing the legal level of control.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the County Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted.

The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the County Commissioners.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the County Commissioners during the year.

E. Cash and Cash Equivalents

To improve cash management, cash received by the County is pooled. Monies for all funds are maintained in this pool. County funds are maintained in several checking accounts as well as invested in certificates of deposit with terms of one to three months. Individual fund balance integrity is maintained through the County's records. Balances of all funds are maintained in these accounts or are temporarily used to purchase certificates of deposit.

Cash and cash equivalents that are held separately within the departments of the County are recorded as "Cash and Cash Equivalents in Segregated Accounts".

During 2005, the County invested in certificates of deposit.

All interest receipts are reported in the General Fund except those specifically related to those funds deemed appropriate according to Board of County Commissioners policy. For calendar year 2005, interest receipts amounted to \$184,828 which \$182,578 was recorded in the General Fund, and \$2,250 was recorded in the Auto License and Gas Fund.

F. Capital Assets and Depreciation

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

G. Interfund Receivables/Payables

The County reports interfund loans as advances-in and advances-out in the other financing sources/uses in governmental funds. These items are not reflected as assets and liabilities in the accompanying basic financial statements. In the government-wide financial statements advances within governmental activities are eliminated.

MEIGS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Compensated Absences

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the County's cash basis of accounting.

I. Employer Contributions to Cost-Sharing Pension Plans

The County recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Long-Term Obligations

The County's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

K. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. Restricted for Other Purposes is primarily comprised of net assets restricted for grants. The County first applies restricted resources when a disbursement is made for purposes for which both restricted and unrestricted net assets are available.

L. Fund Balance Reserves

The County reserves those portions of fund equity which are legally segregated for a specific future use or are not available for appropriation or expenditure. Fund equity reserves have been established for encumbrances.

M. Interfund Activity

Exchange transactions between funds are reported as cash receipts in the seller funds and as cash disbursements in the purchasing funds. Nonexchange flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented on the financial statements. In the government-wide financial statements transfers within governmental activities are eliminated.

MEIGS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 3- BUDGETARY BASIS FUND BALANCES

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and each major special revenue fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is that outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The difference between the change in fund balances on the cash basis and the budgetary basis is due to encumbrances outstanding at year end (budgetary basis) as follows:

General Fund	\$136,663
Major Special Revenue Funds:	
MR/DD	15,594
Public Assistance	26,074
Auto License & Gas Tax	26,885
Children’s Services	2,264

NOTE 4 – EQUITY POOLED IN CASH AND CASH EQUIVALENTS

Primary Government

Monies held by the County are classified by State statute into two categories. Active monies are public monies determined to be necessary to meet current demands upon the County treasury. Active monies must be maintained either as cash in the County treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Monies held by the County which are not considered active are classified as inactive. Inactive monies could be deposited or invested with certain limitations in the following securities provided the County has filed a written investment policy with the Auditor of State:

1. United States Treasury bills, bonds, notes, or other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States, or any book entry, zero coupon United States treasury security that is a direct obligation of the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality;
3. Written repurchase and reverse repurchase agreements in the securities listed above;
4. Bond and other obligations of the State of Ohio, its political subdivisions;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. No-load money market mutual funds;
7. The State Treasurer's investment pool (STAR Ohio);
8. Securities lending agreements in which the County lends securities and the eligible institution agrees to simultaneously exchange either securities or cash, equal value for equal value;
9. Commercial paper notes, corporate notes and bankers’ acceptances; and
10. Debt interests rated at the time of purchase in the three highest categories by two nationally recognized standard rating services and issued by foreign nations diplomatically recognized by the United States government. All interest and principal shall be denominated and payable in United States funds.

MEIGS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 4 – EQUITY POOLED IN CASH AND CASH EQUIVALENTS (Continued)

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the County, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand: At year-end, the County had \$8,769 in un-deposited cash on hand which is included as part of Net Assets.

Custodial credit risk for deposits is the risk that in the event of bank failure, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$6,175,436 of the County's bank balance of \$6,775,435 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the County's name.

The County has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to an deposited either with the County or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least on hundred five percent of the deposits being secured.

Component Units

At year-end, the carrying amount of Meigs Industries, Inc.'s deposits was \$27,792 and the bank balance was \$43,400. All of the bank balance was covered by federal depository insurance.

NOTE 5 - PROPERTY TAX

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the County. Property tax revenue received during 2005 for real and public utility property taxes represents collection of 2004 taxes. Property tax payments received during 2005 for tangible personal property (other than public utility property) is for 2005 taxes.

2005 real property taxes are levied after October 1, 2005 on the assessed value as of January 1, 2005, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2005 real property taxes are intended to finance 2006.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility property is assessed at 35 percent of true value. 2005 public utility property taxes became a lien December 31, 2004, are levied after October 1, 2005, and are collected in 2006 with real property taxes.

2005 tangible personal property taxes are levied after October 1, 2004, on the value as of December 31, 2004. Collections are made in 2005. Tangible personal property assessments are 25 percent of true value.

The assessed value for the taxes levied in 2005 was \$274,219,260 of which real property represented 82 percent (\$224,966,820) of the total, public utility property represented less than 1 percent (\$178,250) of the total, and tangible personal property represented 18 percent (\$49,074,190) of the total. The full tax rate for all County operations for taxes collected in 2004, was \$15.10 per \$1,000 of assessed valuation.

**MEIGS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 5 - PROPERTY TAX (Continued)

Real property taxes are payable annually or semi-annually. If paid annually, payment is due by December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The Meigs County Treasurer collects property tax on behalf of all taxing districts within the County. The Meigs County Auditor periodically remits to the taxing districts their portions of the taxes collected. Collections of the taxes and remittance of them to the taxing districts are accounted for in various agency funds of the County.

NOTE 6 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The County's vehicles and general liability are covered by the County Risk Sharing Authority. At December 31, 2005 the County maintained the following insurance coverage through the insurance company:

<u>Type of Coverage</u>	<u>Annual Aggregate</u>	<u>Deductible</u>
Comprehensive Municipal Liability	\$2,000,000	\$2,500
General Liability	\$1,000,000	\$2,500
Law Enforcement Liability	1,000,000	2,500
Automobile Liability	1,000,000	2,500
Errors and Omissions Liability	1,000,000	2,500
Excess Liability	1,000,000	-
Property	31,768,474	2,500
Equipment Breakdown	100,000,000	2,500
Crime Coverage	1,000,000	2,500
Stop Gap Liability	1,000,000	2,500

The County had established a limited risk health, dental, and vision insurance programs for Engineer's Department employees. Business Administrators and Consultants, Inc. (BAC) serviced all claims submitted by employees of the Engineer's Department. Excess coverage insurance policies covered individual claims in excess of \$20,000 for BAC. All other County employees have full funded coverage through United Health Care.

The County has had no significant reductions in any of its insurance coverage from that maintained in prior years. Additionally, there have been no insurance settlements that have exceeded insurance coverage in any of the past three years.

In accordance with the cash basis of accounting, as more fully described in Note 2, the County does not record a liability for any incurred but unpaid claims as of year end.

MEIGS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 7 - RETIREMENT SYSTEMS

Ohio Public Employees Retirement System (OPERS)

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:

The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan.

The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon.

The Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan employer contributions are invested by OPERS to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, and survivor benefits as well as postretirement health care coverage to qualifying members of both the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

The 2005 member contribution rates were 8.5% for members in classifications other than law enforcement and public safety. Members in the law enforcement classification, which consists generally of sheriffs and deputy sheriffs contributed at a rate of 10.1%. Public safety division members contributed at 9%. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The Ohio Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6701 or 1-800-222-7377.

The 2005 employer contribution rate for local government employer units was 13.55% of covered payroll. For both the law enforcement and public safety divisions, the employer contribution rate for 2005 was 16.7%. The County's contributions to OPERS for all employees for the years ended December 31, 2005, 2004, and 2003, were \$863,989, \$841,397, and \$752,375, respectively; 100 percent has been contributed for 2005, 2004, and 2003.

State Teachers Retirement System (STRS)

Certified teachers employed by the school for the Mentally Retarded/ Developmentally Disabled participate in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing multiple employer public retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, college, university, institution or other agency controlled, managed and supported, in part, by the state or any political subdivision thereof. STRS Ohio provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

Plan Options - New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5% of earned compensation. The Combined Plan offers features of the DC Plan and the DB. In the Combined Plan, member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

MEIGS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 7 - RETIREMENT SYSTEMS - (Continued)

DB Plan Benefits Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit,” the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits - Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

Combined Plan Benefits - Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member’s defined benefit is determined by multiplying 1% of the member’s final average salary by the member’s years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

Eligible faculty of Ohio’s public colleges and universities may choose to enroll in either STRS Ohio or an alternative retirement plan (ARP) offer by their employer. Employees have 120 days from their employment date to select a retirement plan.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for a money-purchase benefit or a lump-sum payment in addition to the original retirement allowance.

Benefits are increased annually by 3% of the original base amount for Defined Benefit Plan participants.

The Defined Benefit and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependent. Coverage under the current program includes hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio Law, health care benefits are not guaranteed.

A Defined Benefit or Combined Plan member with five or more years’ credited service who become disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the Defined Benefit Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC, or Combined Plans. Various other benefits are available to members’ beneficiaries.

MEIGS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 7 - RETIREMENT SYSTEMS - (Continued)

For the fiscal year ended June 30, 2005, plan members were required to contribute 10 percent of their annual covered salaries and the County was required to contribute 14%; 13 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The County's contributions to STRS for the years ended December 31, 2005, 2004, and 2003, were \$31,963, \$31,508, and \$33,508, respectively; 100 percent has been contributed for 2005, 2004, and 2003.

STRS Ohio issues a publicly available financial report. Additional information or copies of STRS Ohio's *Comprehensive Annual Financial Report* may be obtained by writing to the STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, or by visiting the STRS Ohio Web site www.strsoh.org

NOTE 8 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System (OPERS)

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan; the Member-Directed Plan (MD) – a defined contribution plan; and the Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS provides retirement, disability, and survivor benefits as well as postretirement health care coverage to qualifying members of both the Traditional and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including postemployment health care coverage.

In order to qualify for post-retirement health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered to be an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12.

A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. For local government employer units, the rate was 13.55% of covered payroll for fiscal year 2005. 4.0% was used to fund health care for the year 2005.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS.

Summary of Assumptions:

Actuarial Review - The assumptions and calculations below were based on OPERS' latest Actuarial Reviews performed as of December 31, 2005.

Funding Method – An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

Assets Valuation Method – All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually.

Investment Return – The investment assumption rate for 2004 was 8.00%.

MEIGS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 8 - POSTEMPLOYMENT BENEFITS (Continued)

Active Employee Total Payroll – An annual increase of 4.0%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from .50% to 6.30%.

Health Care – Health care cost were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4% (the projected wage inflation rate).

OPEBs are advance-funded on an actuarially determined basis. The number of active contributing participants in the Traditional Pension and Combined Plans totaled 376,109 for 2005. The employer contributions that were used to fund postemployment benefits were \$355,287 for 2005. \$10.8 billion represents the actuarial value of OPERS' net assets available for OPEBs at December 31, 2004.

The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$29.5 billion and \$18.7 billion, respectively.

OPERS Retirement Board adopts a Health Care Preservation Plan:

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, will be effective January 1, 2007. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

State Teachers Retirement System:

The County provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System of Ohio (STRS Ohio), and to retired non-certificated employees and their dependents through the Ohio Public Employees Retirement System (OPERS). Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare B premiums. Pursuant to the Revised Code (R. C.), the State Teachers Retirement Board (the Board) has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio.

All benefits recipients pay a portion of the health care costs in the form of a monthly premium

The R.C. grants authority to STRS Ohio to provide health care coverage to eligible benefit recipients, spouses and dependents. By Ohio law, health care benefits are not guaranteed and the cost of the coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14% of covered payroll.

The retirement Board allocates employer contributions to the Health Care Stabilization Fund from which health care benefits are paid. Through June 30, 2005, the Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the County, the amount equaled \$320 for the year ended December 31, 2005. The balance in the Health Care Stabilization Fund was \$3.3 billion on June 30, 2005.

For the fiscal year ended June 30, 2005 (the most current information available), net health care costs paid by STRS Ohio were \$254,780,000. There were 115,395 eligible benefit recipients.

MEIGS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 9 - DEBT OBLIGATIONS

Under the cash basis of accounting, debt obligations are not reported as a liability in the accompanying basic financial statements. Debt obligations are presented for informational purposes only. However, information regarding such changes in the County's general long-term obligations during 2005 is as follows:

Governmental Activities Debt:

	<u>Interest Rates</u>	<u>Outstanding 12/31/04</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 12/31/05</u>	<u>Due in 1 Year:</u>
1992 - Human Services Building Improvement Bonds	3.50% - 7.20%	\$ 455,000	-	\$ (65,000)	\$ 390,000	\$ 65,000
2002 -Rural Hardship EPA	0.00%	35,100	-	(2,925)	32,175	1,950
2000 - OPWC Loan *	2.00%	91,924	-	(15,974)	75,950	16,295
1997 - Building Acquisition	5.50%	20,339	-	(9,062)	11,277	8,534
2003 - EMA Ford Expedition	3.70%	17,299	-	(6,761)	10,538	7,300
2003 - Backhoe/Truck Loan	3.70%	135,754	-	(66,540)	69,214	69,214
2005 - Braun Ambulance	4.00%	-	50,160	(22,036)	28,124	28,124
2005 - International Trucks	3.68%	-	212,296	-	212,296	107,958
Total		<u>\$ 755,416</u>	<u>\$ 262,456</u>	<u>\$ (188,298)</u>	<u>\$ 829,574</u>	<u>\$ 304,375</u>

* The balance of the OPWC Loan was restated from \$99,793 in the previous year.

The Human Services Building Improvement General Obligation Bonds were issued in 1992 in the amount of \$1,300,000. Interest rates range from 3.5% in 1992 to 7.2% in 2011. Rental income received from the Human Services Department is used to repay this debt.

The Rural Hardship EPA Loan was obtained in 2002 in the amount of \$39,000 for additional capitalization of the Meigs County Grant/Loan Program. Septic Upgrade/Replacement monies are used to repay this debt.

Proceeds from the Ohio Public Works Commission (OPWC) loan in the amount of \$160,000 were used for improvements to specified county roads. Auto, License, and Gas Fund monies are used to repay this debt.

The Building Acquisition Note in the amount of \$70,000 was acquired in 1997 to finance the purchase of a building to house the Prosecutor's office. General Fund monies are used to repay this debt. Tax dollars are pledged as debt repayment.

The EMA 2003 Ford Expedition Loan in the amount of \$27,000 was obtained in 2003 for the purchase of a vehicle for the Emergency Management program. Emergency Management funds will be used to repay this debt.

The Backhoe/Truck Loan in the amount of \$200,000 was obtained in 2003 for the purchase of a backhoe and truck. Auto License and Gas Fund monies will be used to repay this debt.

The International Trucks Loan in the amount of \$212,296 was acquired in 2005 to finance the purchase of International Tandem Trucks for the Highway Department. Auto License and Gas Fund monies are used to repay this debt.

The EMS Ambulance Loan in the amount of \$50,160 was obtained in 2005 for the purchase of a vehicle for the Emergency Medical Service Vehicle. EMS funds will be used to repay this debt.

MEIGS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 9 - DEBT OBLIGATIONS – (Continued)

The annual requirements to amortize debt and interest outstanding as of December 31, 2005, are as follows:

Year Ending December 31	Rural Hardship EPA Loan		Building Improvement Bonds		OPWC Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 1,950	\$ -	\$ 65,000	\$ 27,106	\$ 16,295	\$ 1,438
2007	1,950	-	65,000	22,750	16,623	1,111
2008	1,950	-	65,000	18,330	16,956	776
2009	1,950	-	65,000	13,846	17,298	436
2010	1,950	-	65,000	9,296	8,778	88
2011-2015	9,750	-	65,000	4,680	-	-
2016-2020	9,750	-	-	-	-	-
Thereafter	2,925	-	-	-	-	-
Total	\$ 32,175	\$ -	\$ 390,000	\$ 96,008	\$ 75,950	\$ 3,849

Year Ending December 31	Building Acquisition Note		EMA 2003 Ford Expedition		Backhoe/ Truck Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2006	\$ 8,534	\$ 583	\$ 7,028	271	\$ 69,214	\$ 2,557
2007	2,743	469	3,510	139	-	-
Total	\$ 11,277	\$ 1,052	\$ 10,538	\$ 410	\$ 69,214	\$ 2,557

Year Ending December 31	Braun Ambulance		International Trucks	
	Principal	Interest	Principal	Interest
2006	\$ 28,124	\$ 632	\$ 107,958	\$ 4,167
2007	-	-	104,338	3,973
Total	\$ 28,124	\$ 632	\$ 212,296	\$ 8,140

NOTE 10 - JOINTLY GOVERNED ORGANIZATIONS

Gallia-Jackson-Meigs Counties Alcohol, Drug Addiction and Mental Health Services (ADAMH) Board:

The ADAMH Board is a jointly governed organization. Participants are Gallia, Jackson, and Meigs counties. The Board provides no direct services but contracts for their delivery. The Board's function is to assess needs, and to plan, monitor, fund, and evaluate the services provided. The Board is managed by eighteen members, five appointed by the Commissioners of Jackson County; two by the Commissioners of Gallia County; and three by the Commissioners of Meigs County; which are proportionate to population, four by Ohio Department of Alcohol and Drug Addiction Services and four by the Ohio Department of Mental Health. Each participating county's influence is limited to the number of members each appoints to the board. The Board exercises total control of the budgeting, appropriation, contracting, and management.

MEIGS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 10 - JOINTLY GOVERNED ORGANIZATIONS – (Continued)

All of the Board's revenue is from state and federal grants awarded to the multi-county board. Gallia County serves as the fiscal agent for the Board. Continued existence of the Board is not dependent on the County's continued participation, no debt exists, and the County does not have an equity interest in the Board. During 2005, the County made no contributions to the Board.

Gallia-Jackson-Meigs-Vinton Joint Solid Waste Management District

The County is a member of a multi-county Joint Solid Waste Management District (District), which is a jointly governed organization involving Gallia, Jackson, Vinton, and Meigs counties. The purpose of the District is to plan and implement comprehensive and environmentally sound solid waste management facilities and provide for the establishment of waste minimization, waste reduction, and recycling programs. The District was created in 1989, as required by the Ohio Revised Code.

The Gallia-Jackson-Meigs-Vinton Joint Solid Waste Management District is governed and operated through three groups. A twelve member board of directors, comprised of three commissioners from each County, is responsible for the District's financial matters. Financial records are maintained by the District. The District's only revenue source is a waste disposal fee for in-district and out-of-district waste.

A twenty-nine member policy committee, comprised of six members from each County and one at-large member appointed by the policy committee, is responsible for preparing the solid waste management plan of the district in conjunction with a Technical Advisory Council whose members are appointed by the policy committee. Each participating County's influence is limited to the number of members each appoints to the board. Continued existence of the District is not dependent on the County's continued participation, no equity interest exists, and no debt is outstanding.

Gallia-Meigs Regional Airport

The Gallia-Meigs Regional Airport (Airport) operates under a separate board that consists of seven members. Three members are appointed by Meigs County and four members are appointed by Gallia County. The Gallia County Commissioners approve the budget, approve expenditures, approve fund deficits and are directly responsible for the Debt. All of the land and fixed assets at the Airport belongs to Gallia County. The Airport rents the facilities from Gallia County. A manager contracted by the airport board operates as a fixed based operator. The Airport generates revenue from sales and rental space. Grants are applied for through the Airport's name. Meigs County does not contribute financially to the Airport operations. The airport operates on a calendar year basis. The operating statement of the Airport is present at the object level. The airport is required only to report operating information at the program level; however, since it operates under a single program, object level information is presented to provide more comprehensive financial information. Financial statements are audited and issued as part of Gallia County and are not obtainable separately.

Gallia-Meigs Community Action Agency

The Gallia-Meigs Community Action Agency is a non-profit corporation organized to plan, conduct and coordinate programs designed to combat social and economic problems and to help eliminate conditions of poverty within Gallia and Meigs counties. The agency is governed by an eighteen member board which consists of three commissioners from each county, three business owners from each county, and three low income individuals elected by each county. The three business owners are nominated by other local business owners and the three low income individuals are nominated by local town council meetings. The agency received federal and state monies which are applied for and received by, and in the name of, the Board of Directors. The Meigs County Commissioners apply for the Community Housing Improvement Program Grant and the HOME Grant which are administered and implemented by the Community Action Agency. The County is the fiscal agent of the grant, but the grants are used by the Community Action Agency to improve low income family housing in Meigs County. Community Action contracts for expenses that relate to the grants and then the County Commissioners issue the payments. The Board exercises total control of the budgeting, appropriation, contracting and management. Continued existence of the Community Action Agency is not dependent upon the County's continued participation, nor does the County have an equity interest in the agency. The agency is not accumulating significant financial resources and is not experiencing fiscal distress that may cause an additional financial benefit to or burden on the County.

**MEIGS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005**

NOTE 10 –JOINTLY GOVERNED ORGANIZATIONS – (Continued)

Area Agency on Aging

The Area Office on Aging is a regional council of governments that assists ten counties including Meigs County in providing services to senior citizens in the Council's service area. The Council is governed by a fifteen member board of directors. The Meigs County Commissioners along with other county organizations can nominate new board members, except representatives of local community service organizations. At least one-half of the board must be over the age of fifty-five. The board has total control over budgeting, personnel and all other financial matters. The continued existence of the Council is not dependent on the County's continued participation and no equity interest exists.

Meigs County Park District

Meigs County Park District, Meigs County, Ohio, (the District) 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 District is directed by a Board of Commissioners appointed by the probate judge of Meigs County. The District acquires lands for conversion into forest reserves and for the conservation of the natural resources, including streams, lakes, submerged lands and swamp lands. The Board may also create parks, parkways, and other reservations and may afforest, develop, improve and protect and promote the use of same as the Board deems conducive to the general welfare.

NOTE 11 - PUBLIC ENTITY SHARED RISK POOLS

County Commissioners Association of Ohio Workers' Compensation Group Rating Plan

The County is participating in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association of Ohio Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as a group purchasing pool. A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant, and performing any other acts and functions which may be delegated to it by the participating employers. The group executive committee consists of seven members. Two members are the president and treasurer of CCAOSC; the remaining five members are representatives of the participants. These five members are elected for the ensuing year by the participants at the meeting held in the month of December each year. No participant can have more than one member of the group executive committee in any year and each elected member shall be a County Commissioner.

NOTE 12 - CONTINGENCIES

A. Primary Government

Grants

The County has received financial assistance from federal and state agencies in the form of grants. The expenditure for funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the County at December 31, 2005.

Litigation

The County's legal counsel disclosed there is currently no pending litigation.

MEIGS COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005

NOTE 12 – CONTINGENCIES-(Continued)

B. Component Units

Currently, there is not pending litigation against Meigs Industries, Inc.

NOTE 13 – SUBSEQUENT EVENTS

Subsequent Debt Issuances

The County Commissioners issued a loan in the amount of \$258,144 on March 9, 2006. The loan is to be repaid in March 2009 with a 4.79% interest rate. The loan was utilized to purchase a Gradall for the County Highway Department.

NOTE 14-INTERFUND ACTIVITY

	Transfers In	Transfers Out
General Fund	\$0	\$32,000
MR/DD	0	60,000
Other Governmental Funds	92,000	0
	\$92,000	\$92,000

Transfers are used to move revenues from the fund that collects them in accordance with statute or budget to the fund that is required to expend them in accordance with statute or budget; to segregate money for anticipated capital projects; to provide resources for current operations; or to service debt. The transfer from the MR/DD Major Fund was made to the MR/DD capital project fund for

	Advances In	Advances Out
General Fund	\$33,125	\$18,750
Other Governmental Funds	28,750	43,125
	\$61,875	\$61,875

During the year, the County’s General Fund made advances to other funds in anticipation of intergovernmental grant revenue. Advances to the General Fund are for repayments of outstanding advances from prior years.

NOTE 15-CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2005, the County has implemented Governmental Accounting Standards Board (GASB) Statement No. 40, “Deposit and Investment Risk Disclosures”. GASB 40 establishes and modifies disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modifies disclosure requirements for custodial credit risk on deposits. This statement applies to all state and local governments. The implementation of this bulletin and GASB Statement No. 40 had no effect on the County’s financial statements.

MEIGS COUNTY

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2005**

FEDERAL GRANTOR <i>Pass-Through Grantor</i>	Federal CFDA	Pass-Through Entity	Disbursements	Noncash Disbursements
<u>Program Title</u>	<u>Number</u>	<u>Number</u>		
UNITED STATES DEPARTMENT OF AGRICULTURE:				
<i>Passed through the Department of Rural Housing Preservation</i>				
Rural Housing	10.433	OMB 0348-0004	\$ 61	\$ -
<i>Passed through the Ohio Department of Education:</i>				
Nutrition Cluster:				
Food Distribution	10.550	N/A	-	3,655
School Breakfast Program	10.553	05-PU-02	4,269	-
School Lunch Program	10.555	04-PU-02	8,532	-
Total Nutrition Cluster			12,801	3,655
Total United States Department of Agriculture			12,862	3,655
UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Passed through the Ohio Department of Development:</i>				
HOME Investment Partnerships Program	14.239	B-C-03-049-1	125,181	-
Community Development Block Grant - State's Program	14.228	B-M-99-049-1	237	-
		B-W-01-049-1	2	-
		B-F-03-049-1	20,000	-
		B-C-03-049-1	4,325	-
		B-F-04-049-1	327,900	-
		B-W-04-049-1	111,498	-
		B-F-05-049-1	7,235	-
Total Community Development Block Grant Program			471,197	-
Total United States Department of Housing and Urban Development			596,378	-
UNITED STATES DEPARTMENT OF JUSTICE				
<i>Passed through the Governor's Office of Criminal Justice Services:</i>				
Local Law Enforcement Block Grants Program	16.592	2004-LE-LEB-3598	19,728	-
Total United States Department of Justice			19,728	-
UNITED STATES DEPARTMENT OF LABOR				
<i>Passed through the Local Area Agency, Vinton County Department of Job and Family Services:</i>				
WIA Adult	17.258	N/A	361,393	-
WIA Youth Activities	17.259	N/A	198,150	-
WIA Dislocated Workers	17.260	N/A	15,078	-
Workforce Investment Act Cluster			574,621	-
Total United States Department of Labor			574,621	-
UNITED STATES DEPARTMENT OF TRANSPORTATION				
<i>Passed through the Ohio Department of Transportation:</i>				
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	N/A	6,904	-
Total United States Department of Transportation			6,904	-

MEIGS COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass-Through Entity Number	Disbursements	Noncash Disbursements
UNITED STATES DEPARTMENT OF EDUCATION				
<i>Passed through the Ohio Department of Education:</i>				
Special Education Cluster:				
Special Education Grants to States	84.027	085662-6BSF-2004-P	32,517	-
Special Education Preschool Grant	84.173	085662-PGSI-2004-P	14,080	-
Total Special Education Cluster			46,597	-
State Grants for Innovative Programs	84.298	085662-C2SI-2004-P	183	-
Special Education Grants for Infants and Families with Disabilities	84.181	53-1-002-1-EG-05	72,159	-
Total United States Department of Education			118,939	-
UNITED STATES ELECTIONS ASSISTANCE COMMISSION				
<i>Passed through the Secretary of the State of Ohio</i>				
Help America Vote Act of 2002	90.401	E06-0019-53	117,071	-
Total United States Elections Assistance Commission			117,071	-
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Passed through the Ohio Department of Mental Retardation and Developmental Disabilities:</i>				
Social Services Block Grant	93.667	N/A	19,823	-
Medical Assistance Program	93.778	N/A	61,009	-
National Bioterrorism Hospital Preparedness Program	93.889	1U3RMC03843-01-00 and U3RHS00055-02-04	44,366	-
Total United States Department of Health and Human Services			125,198	-
UNITED STATES DEPARTMENT OF HOMELAND SECURITY				
<i>Passed through the Ohio Emergency Management Agency:</i>				
State Domestic Preparedness Equipment Support Program	97.004	2002-TE-CX-0106 2003-TE-CX-0199 2003-MU-T3-0015 2004-GE-T4-0025	6,310 37,137 51,588 24,497	- - - -
Total State Domestic Preparedness Equipment Support Program			119,532	-
Emergency Management Performance Grants	97.042	2005-EM-T5-0001	21,719	-
Public Assistance Grants	97.036	FEMA-1580-DR-105-UMQD4 FEMA-1556-DR-105-08C83 FEMA-1556-DR-105-10DOF	186,067 2,781 3,005	- - -
			191,853	-
Pre-Disaster Mitigation	97.047	EMC-2003-GR-7043	3,900	-
State and Local All Hazards Emergency Operations Planning	97.051	EMC-2003-GR-7026	942	-
State Homeland Security	97.073	2005-GE-T5-0001	50,890	-
Total United States Department of Homeland Security			388,836	-
Total Federal Awards Expenditures			\$ 1,960,537	\$ 3,655

The Notes to the Schedule of Federal Awards Expenditures are an integral part of this Schedule.

Legend:

N/A-Indicates Pass-Through Entity Number Not Available

MEIGS COUNTY

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2005**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the County's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B – MATCHING REQUIREMENTS

Certain Federal programs require that the County contribute non-federal funds (matching funds) to support the Federally-funded programs. The County has complied with the matching requirements. The expenditure of non-Federal matching funds is not included in the schedule.

NOTE C- CHILD NUTRITION CLUSTER

Program regulations do not require the Government to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This monetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

BALESTRA, HARR & SCHERER, CPAs, INC.

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Commissioners
Meigs County
100 East Second Street
Pomeroy, Ohio 45769

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Meigs County, Pomeroy Ohio (the County), as of and for the year ended December 31, 2005 which collectively comprise the County's basic financial statements and have issued our report thereon dated June 23, 2006, wherein we noted the County prepared its financial statements on a basis of accounting other than accounting principles generally accepted in the United States of America and implemented GASB Statement No. 40. We did not audit the financial statements of Meigs Industries, Inc. which is included as a discrete presentation in the County's basic financial statements. These financial statements were audited by other auditors whose report thereon has been furnished to us and our opinion insofar as it relates to the amounts included for Meigs Industries, Inc. is solely based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Governmental Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the County'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 an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2005-001.

Meigs County

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with *Government Auditing Standards*

Page 2

We also noted certain additional matters that we reported to management of the County in a separate letter dated June 23, 2006.

This report is intended for the information and use of the audit committee, management, the Board of Commissioners, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in dark ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

June 23, 2006

BALESTRA, HARR & SCHERER, CPAs, INC.

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Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Board of Commissioners
Meigs County
100 East Second Street
Pomeroy, Ohio 45769

Compliance

We have audited the compliance of Meigs County (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2005. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

In our opinion, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal program for the year ended December 31, 2005.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Meigs County

Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable 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 noncompliance with applicable requirements of laws, regulation, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted a certain immaterial instance of noncompliance, which we have reported to management in a separate letter dated June 23, 2006.

This report is intended solely for the information and use of the audit committee, management, Board of Commissioners, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in dark ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.
June 23, 2006

MEIGS COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 OMB CIRCULAR A -133 Section .505
 December 31, 2005

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under .510?	No
<i>(d)(1)(vii)</i>	Major Program (list):	HOME Investment Partnership Program, CFDA #14.239 and Community Development Block Grant, CDFA #14.228.
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

MEIGS COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 Section .505
December 31, 2005
(Continued)

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

Finding Number 2005-001

Noncompliance Citation

Ohio Rev. Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Rev. Code Section 117.38

Ohio Admin. Code Section 117-2-03(B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. However, the County prepared its financial statements in accordance with the cash basis of accounting. The accompanying financial statements and notes omitted assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38 the County may be fined and subject to various other administrative remedies for its failure to file the required financial report.

The County should prepare its annual financial report in accordance with generally accepted accounting principles.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

MEIGS COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS

OMB CIRCULAR A-133 § .315 (b)

December 31, 2005

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2005-001	Ohio Admin Code Section 117-22-03(B) requires the County to prepare its annual financial report in accordance with generally accepted accounting principles. The County filed its report using the cash basis of accounting.	No	Not Corrected. Re-issued in current Schedule of Audit Findings as item 2005-001

**MEIGS COUNTY
CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 SECTION .315 (c)
FOR THE YEAR ENDED DECEMBER 31, 2005**

Finding Number:	Planned Corrective Action:	Anticipated Completion Date:	Responsible Contact Person:
2005-001	County does not anticipate filing on a GAAP basis until financial conditions improve.	No estimated date.	Nancy Grueser, Auditor County Commissioners: Mick Davenport, President Jim Sheets, Vice President Jeff Thornton, Member



**Auditor of State
Betty Montgomery**

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FINANCIAL CONDITION

MEIGS 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 29, 2006**