



Dave Yost • Auditor of State

**MEIGS TOWNSHIP
MUSKINGUM COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2013	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2012	6
Notes to the Financial Statements	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Schedule of Findings.....	17
Schedule of Prior Audit Findings.....	18

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Meigs Township
Muskingum County
P.O. Box 79
Blue Rock, Ohio 43720

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Meigs Township, Muskingum County, Ohio (the Township) as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

Basis for Adverse Opinion on General Fund and Special Revenue Fund Cash Balances

During our audit of the years 2007 and 2006, we reported the Township failed to comply with Ohio Revised Code § 505.24(C) and Ohio Attorney General Opinion No. 2004-056, which require trustees to document the proportionate amount chargeable to other township funds based on the kinds of services rendered. Without this documentation, the Township is required to charge salaries and benefits to the General Fund. During these years, the Board of Trustees did not prepare documentation of their time spent. In addition, during the audit of the years 2007 and 2006, we reported the Township failed to comply with Ohio Revised Code § 5705.10(H) that requires that money paid into a fund be used only for the purposes said fund is established. During 2006, we noted the Township paid for certain expenditures of an administrative nature from the Gasoline Tax and Road and Bridge Funds rather than the General Fund. Therefore, findings for adjustment totaling \$59,781 were issued against the Township's General Fund in favor of the Township's Motor Vehicle License Tax, Gasoline Tax, and Road and Bridge Funds in the amounts of \$2,064, \$51,721, and \$5,996, respectively. The Township declined to make these adjustments due to the impact these adjustments would have on the General Fund.

On June 10, 2008, the Township adopted Resolution No. 06-10-08 which established for the reimbursement of the findings for adjustment to be made at a rate of at least \$10,000 per year, commencing in December of 2009, and continuing each year thereafter until said funds are restored. During 2012 and 2013, the Township transferred \$10,000 per year from the General Fund to the Gasoline Tax Fund as part of this reimbursement.

The effect of the matters, in the preceding two paragraphs, on the Township's reported fund balances is as follows:

<u>Fund</u>	<u>December 31, 2012 Fund Balance (Over)/Understated</u>	<u>December 31, 2012 Fund Balance (Over)/Understated</u>
General	(\$23,588)	(\$13,588)
Gasoline Tax	21,721	11,721
Road & Bridge	<u>1,867</u>	<u>1,867</u>
Net	\$0	\$0

Adverse Opinion on General Fund and Special Revenue Fund Cash Balances

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on General Fund and Special Revenue Fund Cash Balances* paragraphs, the financial statements referred to above do not present fairly, in all material respects, the combined fund cash balances of the General Fund and Special Revenue Fund types of Meigs Township, Muskingum County, Ohio, as of December 31, 2013 and 2012 and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

Opinion on Regulatory Basis of Accounting for the Permanent Fund

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the Permanent Fund of Meigs Township, Muskingum County, Ohio, as of December 31, 2013 and 2012, in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2014, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

November 7, 2014

This page intentionally left blank.

**MEIGS TOWNSHIP
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$25,350	\$32,361	\$0	\$57,711
Intergovernmental	11,738	104,443		116,181
Earnings on Investments	5	4		9
Miscellaneous	1,278	8,465		9,743
Total Cash Receipts	38,371	145,273	0	183,644
Cash Disbursements				
Current:				
General Government	24,660	6,041		30,701
Public Safety		6,319		6,319
Public Works	750	133,293		134,043
Capital Outlay	2,000	5,314		7,314
Debt Service:				
Principal Retirement		6,210		6,210
Interest and Fiscal Charges		615		615
Total Cash Disbursements	27,410	157,792	0	185,202
Excess of Cash Receipts Over (Under) Cash Disbursements	10,961	(12,519)	0	(1,558)
Other Financing Receipts (Disbursements)				
Transfers In		10,000		10,000
Transfers Out	(10,000)			(10,000)
Total Other Financing Receipts (Disbursements)	(10,000)	10,000	0	0
Net Change in Fund Cash Balances	961	(2,519)	0	(1,558)
Fund Cash Balances, January 1	11,409	67,087	505	79,001
Fund Cash Balances, December 31				
Nonspendable			500	500
Restricted		64,568	5	64,573
Committed	13,588			13,588
Unassigned (Deficit)	(1,218)			(1,218)
Fund Cash Balances, December 31	\$12,370	\$64,568	\$505	\$77,443

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

**MEIGS TOWNSHIP
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$22,379	\$26,169	\$0	\$48,548
Intergovernmental	11,834	97,457		109,291
Earnings on Investments	9	16		25
Miscellaneous	5,501	13,188		18,689
Total Cash Receipts	39,723	136,830	0	176,553
Cash Disbursements				
Current:				
General Government	27,442	4,562		32,004
Public Safety		6,230		6,230
Public Works	648	128,897		129,545
Debt Service:				
Principal Retirement		6,018		6,018
Interest and Fiscal Charges		807		807
Total Cash Disbursements	28,090	146,514	0	174,604
Excess of Cash Receipts Over (Under) Cash Disbursements	11,633	(9,684)	0	1,949
Other Financing Receipts (Disbursements)				
Transfers In		10,000		10,000
Transfers Out	(10,000)			(10,000)
Total Other Financing Receipts (Disbursements)	(10,000)	10,000	0	0
Net Change in Fund Cash Balances	1,633	316	0	1,949
Fund Cash Balances, January 1	9,776	66,771	505	77,052
Fund Cash Balances, December 31				
Nonspendable			500	500
Restricted		67,087	5	67,092
Committed	23,588			23,588
Unassigned (Deficit)	(12,179)			(12,179)
Fund Cash Balances, December 31	\$11,409	\$67,087	\$505	\$79,001

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

**MEIGS TOWNSHIP
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Meigs Township, Muskingum County (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Malta & McConnellsville Volunteer Fire Department to provide fire services and Community Ambulance, to provide ambulance services.

The Township participates in Ohio Township Association Risk Management (OTARMA), a risk-sharing pool available to Ohio Townships. Note 7 to the financial statements provide additional information for this entity.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Fund Accounting

The Township uses fund accounting to segregate cash that is restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

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

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

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

**MEIGS TOWNSHIP
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

C. Fund Accounting (Continued)

3. Permanent Fund

This fund accounts for and reports resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant Permanent Fund:

Barton Alexander Trust Fund - This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

D. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2013 and 2012 budgetary activity appears in Note 3.

E. Fund Balance

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

1. Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**MEIGS TOWNSHIP
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Fund Balance (Continued)

2. Restricted

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

3. Committed

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

4. Assigned

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

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

F. Property, Plant, and Equipment

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

**MEIGS TOWNSHIP
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

2. Equity in Pooled Deposits

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

	2013	2012
Demand deposits	\$77,443	\$79,001

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

2013 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$35,001	\$38,371	\$3,370
Special Revenue	138,189	155,273	17,084
Total	\$173,190	\$193,644	\$20,454

2013 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$41,250	\$37,410	\$3,840
Special Revenue	191,652	157,792	33,860
Total	\$232,902	\$195,202	\$37,700

2012 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$32,224	\$39,723	\$7,499
Special Revenue	137,935	146,830	8,895
Total	\$170,159	\$186,553	\$16,394

2012 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$41,171	\$38,090	\$3,081
Special Revenue	187,531	146,514	41,017
Total	\$228,702	\$184,604	\$44,098

**MEIGS TOWNSHIP
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

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

5. Debt

Debt outstanding at December 31, 2013 was as follows:

	Principal	Interest Rate
Mower Loan Agreement	\$13,022	3.20%

The Township entered into a debt contract on December 29, 2011 for a mower with a spreader and ditched head to be used for Township roads. Annual payments of \$6,825, including interest are due on the tractor through December 30, 2015. The mower serves as collateral for the loan.

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

Year ending December 31:	Loan Agreement
2014	\$6,825
2015	6,825
Total	\$13,650

6. Retirement System

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits. The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2013.

7. Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

**MEIGS TOWNSHIP
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

7. Risk Management (Continued)

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2013, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
Assets	\$34,954,286	\$34,771,270
Liabilities	<u>(8,486,363)</u>	<u>(9,355,082)</u>
Net Position	<u>\$26,467,923</u>	<u>\$25,416,188</u>

At December 31, 2013 and 2012, respectively, the liabilities above include approximately \$7.9 and \$8.7 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.8 million of unpaid claims to be billed to approximately 948 member governments in the future, as of December 31, 2013 and 2012, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2013, the Township's share of these unpaid claims collectible in future years is approximately \$3,000.

**MEIGS TOWNSHIP
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

7. Risk Management (Continued)

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
<u>2013</u>	<u>2012</u>
\$5,327	\$5,285

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

This page intentionally left blank.



Dave Yost • Auditor of State

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

Meigs Township
Muskingum County
P.O. Box 79
Blue Rock, Ohio 43720

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Meigs Township, Muskingum County, Ohio (the Township), as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements, and have issued our report thereon dated November 7, 2014, wherein we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. We also issued an adverse opinion on the 2013 and 2012 financial statements of the General and Special Revenue Fund types due to the Township declining to make findings for adjustment from the 2007 and 2006 audit performed by the Auditor of State.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a significant deficiency in internal control. We consider finding 2013-001 to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Entity's Response to Findings

The Township's response to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

November 7, 2014

**MEIGS TOWNSHIP
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2013 AND 2012**

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

FINDING NUMBER 2013-001

Significant Deficiency

Governmental Accounting Standards Board Statement No. 54 defines the committed fund balance classification to include amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority.

On June 10, 2008, the Township adopted Resolution No. 06-10-08, which established for the reimbursement of a previous audit finding for adjustment, to be made at a rate of at least \$10,000 per year, commencing in December of 2009, and continuing each year thereafter until said funds are restored. As of December 31, 2013 and December 31, 2012, the Township had an outstanding balance of \$13,588 and \$23,588, respectively, for the finding for adjustment from the General Fund to the Gasoline Tax Fund and Road and Bridge Fund. The Township failed to properly classify the remaining balance of the finding for adjustment as committed fund balance, in the General Fund, on the Township's financial statements. As a result, an audit reclassification, to which management has agreed, is reflected in the accompanying financial statements.

We recommend that the Township record fund balances according to the purposes that the Township's Board of Trustees has designated the monies. The Fiscal Officer may review Auditor of State Bulletin 2011-004 for further guidance on classifying the Township's fund balances.

Official's Response: The Township has and will classify this as committed from now on. The Fiscal Officer did not understand to do this her first year in office but has since classified this as committed.

**MEIGS TOWNSHIP
MUSKINGUM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2013 AND 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2011-01	Noncompliance under Ohio Rev. Code § 5705.41(B) and Significant Deficiency - The Township did not post certain debt transactions to the financial records nor were they budgeted.	Yes	
2011-02	Noncompliance under Ohio Rev. Code Chapter 133 - The Township incurred debt which did not meet the requirements set forth in this Chapter.	Yes	
2011-03	Significant Deficiency – The Township did not classify committed fund balance appropriately in accordance with GASB Statement No. 54.	No	Not Corrected. Repeated as Finding Number 2013-001.



Dave Yost • Auditor of State

MEIGS TOWNSHIP

MUSKINGUM COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 20, 2014**