

Meigs County

Single Audit

January 1, 2004 through December 31, 2004

Fiscal Year Audited Under GAGAS: 2004

**BALESTRA, HARR & SCHERER, CPAs, INC.**  
528 South West Street, P.O. Box 687  
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**Auditor of State  
Betty Montgomery**

County Commissioners  
Meigs County  
100 E. 2nd St.  
Pomeroy, OH 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, 2004 through December 31, 2004. 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

October 31, 2005

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**MEIGS COUNTY**  
**TABLE OF CONTENTS**

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets – Modified Cash Basis.....	8
Statement of Activities – Modified Cash Basis.....	9
Fund Financial Statements:	
Statement of Modified Cash Basis Assets and Fund Balances and Modified Cash Receipts, Cash Disbursements and Changes in Fund Balances-Governmental funds-Modified Cash Basis.....	10
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund.....	11
Statement of Receipts, Cash Disbursements and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – Public Assistance Fund.....	12
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budgetary Basis) –Auto License and Gas Fund.....	13
Statement of Fiduciary Net Assets – Modified Cash Basis – Fiduciary Fund.....	14
Notes to the Basic Financial Statements.....	15
Schedule of Federal Awards Expenditures.....	33
Notes to the Schedule of Federal Awards Expenditures.....	35
Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Based On an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	36
Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.....	38
Schedule of Findings and Questioned Costs – OMB Circular A-133 .§ .505 .....	40
Schedule of Prior Audit Findings – OMB Circular A-133 § .315(b) .....	42
Corrective Action Plan – OMB Circular A-133 § .315(c) .....	43

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

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 (the County), Pomeroy, Ohio, as of and for the year ended December 31, 2004, 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 1, the accompanying financial statements and notes follow the modified 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 modified 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, 2004, and the respective changes in modified cash basis financial position and the respective budgetary comparison for the general fund, public assistance, auto license and gas fund thereof for the year then ended in conformity with the accounting basis Note 1 describes.

For the year ended December 31, 2004, the County revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements – and Managements Discussion and Analysis – for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 12, 2005 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 reports 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 7 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 expenditure is required by 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 expenditure 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.



Balestra, Harr & Scherer, CPAs, Inc.  
August 12, 2005

**Meigs County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2004*  
*Unaudited*

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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, 2004, within the limitations of the County's modified cash basis of accounting. Please read this in conjunction with the County's financial statements that begin on page 8 and notes to the basic financial statements which begin on page 15.

**Financial Highlights**

Key financial highlights for 2004 are as follows:

*Overall:*

Total net assets decreased \$114,249.

Total cash receipts were \$19,967,017 in 2004.

Total program cash disbursements were \$20,081,266 in 2004.

Program cash disbursements were primarily composed of Human Services and Public Works related cash disbursements which were \$8,626,798 and \$4,561,843, respectively in 2004.

**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 modified cash basis of accounting.

The *Statement of Net Assets-modified cash basis* and *Statement of Activities-modified cash basis* provide information about the activities of the whole County, presenting both an aggregate view of the County's modified 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, the Public Assistance Fund, and the Auto License and Gas Fund 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 1A to the basic financial statements.

***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 modified cash basis financial transactions and asks the question, "How did we do financially during 2004?" 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 *modified 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 *modified 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.



**Meigs County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2004*  
*Unaudited*

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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 modified 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 modified 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 6. 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, the Public Assistance Fund, and the Auto License and Gas Fund.

***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 modified 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 modified cash basis financial resources that can be readily spent to finance various County programs. Since the County is reporting on the modified 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.

**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 2004:

	Governmental Activities	
<i>Assets</i>	<u>2004</u>	<u>2003</u>
Cash & Cash Equivalents	\$3,310,900	\$3,425,149
<i>Total Assets</i>	3,310,900	3,425,149
<i>Net Cash Assets</i>		
Restricted	2,967,570	2,963,447
Unrestricted	346,330	461,702
<i>Total Net Assets</i>	\$3,313,900	\$3,425,149

**Meigs County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2004*  
*Unaudited*

Table 2 shows changes in Net Assets for fiscal year 2004. Since this is the first year the County has prepared modified cash basis financial statements following GASB Statement 34 format, comparisons to fiscal year 2003 have not been compiled. In future years, a comparative analysis will be presented.

**Table 2**  
**Changes in Net Cash Assets**

	<b>Governmental Activities</b>
<i><b>Cash Receipts</b></i>	<u>2004</u>
<i>Program Cash Receipts</i>	
Charges For Services and Sales	\$2,267,971
Operating Grants and Contributions	12,366,930
<b>Total Program Cash Receipts</b>	<b>14,634,901</b>
<i>General Cash Receipts</i>	
Property Taxes	2,678,804
Sales Taxes	1,092,525
Grants and Entitlements not Restricted to Specific Programs	495,572
Interest Receipts	153,582
Proceeds from the Sale of Assets	250,000
Miscellaneous	661,633
<b>Total General Cash Receipts</b>	<b>5,332,116</b>
<b>Total Cash Receipts</b>	<b>19,967,017</b>
<i>Cash Disbursements</i>	
<i>Program Cash Disbursements</i>	
<i>General Government</i>	
Legislative and Executive	1,358,306
Judicial	853,888
Public Safety	1,888,464
Public Works	4,561,843
Health	1,427,272
Human Services	8,626,798
Community and Economic Development	199,215
Miscellaneous	592,255
Capital Outlay	41,774
<i>Debt Service:</i>	
Principal Retirement	478,684
Interest and Fiscal Charges	52,767
<b>Total Cash Disbursements</b>	<b>20,081,266</b>
 <b>Change In Net Cash Assets</b>	 <b>(114,249)</b>
Net Cash Assets at Beginning of Year	3,425,149
Net Cash Assets at End of Year	\$ 3,310,900

**Meigs County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2004*  
*Unaudited*

Property taxes made up 13.5 percent and sales taxes made up 5.5 percent of cash receipts for governmental activities for Meigs County in fiscal year 2004. Operating grants and contributions made up 61.9 percent and charges for services and sales made up 11.4 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 requires approximately 27.1 percent of these tax receipts, intergovernmental monies, and other general revenues to support their governmental activities. Charges for services and operating grants and contributions provide the other 72.9 percent of the resources required 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 modified cash basis) for the County.

Table 3  
 Total Cost of Program Services  
 Governmental Activities

	2004	
	Total Cost of Service	Net Cost of Service
<b>Governmental Activities</b>		
General Government		
Legislative and Executive	\$1,358,306	\$850,764
Judicial	853,888	528,820
Public Safety	1,888,464	834,119
Public Works	4,561,843	870,597
Health	1,427,272	327,262
Human Services	8,626,798	1,130,672
Community and Economic Development	199,215	35,935
Other	592,255	413,690
Capital Outlay	41,774	21,575
Debt Service		
Principal Retirement	478,684	388,918
Interest and Fiscal Charges	52,767	44,013
Total Cash Disbursements - Governmental Activities	\$20,081,266	\$5,446,365

***The County's Funds***

Information about the County's major funds starts on page 10. These funds are accounted for using the modified cash basis of accounting. All governmental funds had total cash receipts and other financing sources of \$20,356,129 and cash disbursements and other financing uses of \$20,470,378. The net change in fund balance for the year was most significant in the General Fund and the Auto License and Gas Fund, where the General Fund cash balance went from \$461,702 in 2003 to \$346,330 for 2004 and the Auto License and Gas Fund cash balance went from \$145,948 in 2003 to \$280,803 for 2004. For the General Fund, cash disbursements exceeded cash receipts in the amount of \$115,372 and in the Auto License and Gas Fund, cash receipts exceeded cash disbursements in the amount of \$134,855. The Public Assistance cash balance decreased \$88,258. These factors along with less significant changes in the other funds resulted in total governmental fund cash balances decreasing \$114,249.

**Meigs County**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2004*  
*Unaudited*

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**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. The most significant budgeted fund is the General Fund. For the general fund, actual budget basis receipts and other financing sources were \$4,009,530, which was \$741,991 above original budget estimates of \$3,267,539. Of this difference, \$217,303 represents monies received by the county for various intergovernmental receipts, \$88,128 represents taxes received in excess of original estimates, \$250,000 represents the sale of the County Gravel Pit and various other receipt categories made up the remaining amount. Total actual disbursements and other financing uses on the budget basis (cash outlays plus encumbrances) were \$4,195,178, \$185,648 above 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 \$41,774 during fiscal year 2004.

**Debt**

Under the modified cash basis of accounting the County does not report bonds, long-term notes or short-term notes in the accompanying modified 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, 2004 the County had \$763,285 in bonds and related long-term debt outstanding for Governmental Activities.

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

	<u>2004</u>
General Obligation Bonds	\$ 455,000
OPWC Promissory Note	99,793
Loans	<u>208,492</u>
Totals	<u>\$ 763,285</u>

For additional information regarding debt, please see Note 8 to the basic financial statements.

**Current Financial Related Activities**

As the preceding information shows, the County heavily depends on its property taxpayers as well as 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 modified 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](mailto:meigsauditor@charter.net).

**Meigs County**  
*Statement of Net Assets - Modified Cash Basis*  
*December 31, 2004*

	<u>Primary Governmental Activities</u>	<u>Component Unit</u>
ASSETS:		
Equity in Pooled Cash and Cash Equivalents	\$ 3,310,900	\$ 25,429
<i>Total Assets</i>	<u>3,310,900</u>	<u>25,429</u>
NET ASSETS:		
Restricted for Debt Service	38,952	-
Restricted for Capital Outlay	13,801	-
Restricted for Other Purposes	2,911,817	-
Unrestricted	<u>346,330</u>	<u>25,429</u>
<i>Total Net Assets</i>	<u>\$ 3,310,900</u>	<u>\$ 25,429</u>

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

**Meigs County**  
*Statement of Activities - Modified Cash Basis*  
*For the Year Ended December 31, 2004*

	<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 & Executive	\$ 1,358,306	\$ 215,515	\$ 292,027	\$ (850,764)	\$ -
Judicial	853,888	134,208	190,860	(528,820)	-
Public Safety	1,888,464	225,687	828,658	(834,119)	-
Public Works	4,561,843	298,826	3,392,420	(870,597)	-
Health	1,427,272	106,285	993,725	(327,262)	-
Human Services	8,626,798	1,162,364	6,333,762	(1,130,672)	-
Community and Economic Development	199,215	12,769	150,511	(35,935)	-
Other	592,255	103,032	75,533	(413,690)	-
Capital Outlay	41,774	1,580	18,619	(21,575)	-
Debt Service:					
Principal Retirement	478,684	7,020	82,746	(388,918)	-
Interest and Fiscal Charges	52,767	685	8,069	(44,013)	-
<i>Total Primary Government</i>	<u>\$ 20,081,266</u>	<u>\$ 2,267,971</u>	<u>\$ 12,366,930</u>	<u>(5,446,365)</u>	<u>-</u>
Component Unit:					
Meigs Industries, Inc.	<u>\$ 287,606</u>	<u>\$ 306,951</u>	<u>\$ -</u>	<u>-</u>	<u>19,345</u>
General Receipts:					
Property Taxes Levied for:					
General Purposes				1,054,057	-
Debt Service				262,503	-
Other Purposes				1,362,244	-
Sales Taxes Levied for General Purposes				1,092,525	-
Grants and Entitlements Not Restricted to Specific Programs				495,572	-
Investment Earnings				153,582	-
Proceeds from the Sale of Assets				250,000	-
Miscellaneous				661,633	-
<i>Total General Cash Receipts</i>				<u>5,332,116</u>	<u>-</u>
<i>Changes in Net Cash Assets</i>				(114,249)	19,345
<i>Net Cash Assets Beginning of Year</i>				<u>3,425,149</u>	<u>6,084</u>
<i>Net Cash Assets End of Year</i>				<u>\$ 3,310,900</u>	<u>\$ 25,429</u>

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

**Meigs County**  
*Statement of Modified Cash Basis Assets and Fund Balances and Modified  
Cash Receipts, Disbursements, and Changes in Fund Balances - Governmental Funds - Modified Cash Basis  
For the Year Ended December 31, 2004*

	<u>General</u>	<u>Public Assistance</u>	<u>Auto License &amp; Gas</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>CASH RECEIPTS:</b>					
Taxes	\$ 2,146,582	-	-	\$ 1,624,747	\$ 3,771,329
Charges for Services	538,044	577,236	1,256	988,371	2,104,907
Licenses and Permits	2,615	-	-	3,040	5,655
Fines and Forfeitures	136,650	-	10,703	10,056	157,409
Intergovernmental	495,572	4,678,520	3,357,137	4,331,273	12,862,502
Interest	151,349	-	2,233	-	153,582
Other	260,190	68,320	1,955	331,168	661,633
<i>Total Cash Receipts</i>	<u>3,731,002</u>	<u>5,324,076</u>	<u>3,373,284</u>	<u>7,288,655</u>	<u>19,717,017</u>
<b>CASH DISBURSEMENTS:</b>					
Current Operating:					
General Government:					
Legislative and Executive	1,137,530	-	-	220,776	1,358,306
Judicial	703,820	-	-	150,068	853,888
Public Safety	926,689	-	-	961,775	1,888,464
Public Works	65,759	-	3,370,176	1,125,908	4,561,843
Health	131,093	-	-	1,296,179	1,427,272
Human Services	285,061	5,412,334	-	2,929,403	8,626,798
Community and Economic Development	-	-	-	199,215	199,215
Other	576,243	-	-	16,012	592,255
Capital Outlay	-	-	-	41,774	41,774
Debt Service:					
Principal Retirements	-	-	107,571	371,113	478,684
Interest and Fiscal Charges	-	-	10,682	42,085	52,767
<i>Total Cash Disbursements</i>	<u>3,826,195</u>	<u>5,412,334</u>	<u>3,488,429</u>	<u>7,354,308</u>	<u>20,081,266</u>
<i>Excess (Deficiencies) of Cash Receipts Over (Under) Cash Disbursements</i>	<u>(95,193)</u>	<u>(88,258)</u>	<u>(115,145)</u>	<u>(65,653)</u>	<u>(364,249)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers In	28,528	-	250,000	110,584	389,112
Proceeds from Sale of Assets	250,000	-	-	-	250,000
Transfers Out	(298,707)	-	-	(90,405)	(389,112)
<i>Total Other Financing Sources (Uses)</i>	<u>(20,179)</u>	<u>-</u>	<u>250,000</u>	<u>20,179</u>	<u>250,000</u>
<i>Net Change in Fund Cash Balances</i>	<u>(115,372)</u>	<u>(88,258)</u>	<u>134,855</u>	<u>(45,474)</u>	<u>(114,249)</u>
<i>Cash Basis Fund Balance at Beginning of Year*</i>	<u>461,702</u>	<u>154,797</u>	<u>145,948</u>	<u>2,662,702</u>	<u>3,425,149</u>
<i>Cash Basis Fund Balance at End of Year</i>	<u>\$ 346,330</u>	<u>\$ 66,539</u>	<u>\$ 280,803</u>	<u>\$ 2,617,228</u>	<u>\$ 3,310,900</u>
<i>Cash Basis Assets at End of Year Cash and Cash Equivalents</i>	<u>\$ 346,330</u>	<u>\$ 66,539</u>	<u>\$ 280,803</u>	<u>\$ 2,617,228</u>	<u>\$ 3,310,900</u>
<b>Cash Basis Fund Balances at End of Year</b>					
Reserved for Encumbrances	70,276	21,869	19,839	44,706	156,690
Unreserved, Undesignated (Deficit), Report in:					
General Fund	276,054	-	-	-	276,054
Special Revenue Funds	-	44,670	260,964	2,519,769	2,825,403
Debt Service Funds	-	-	-	38,952	38,952
Capital Projects Funds	-	-	-	13,801	13,801
<i>Total Cash Basis Fund Balances</i>	<u>\$ 346,330</u>	<u>\$ 66,539</u>	<u>\$ 280,803</u>	<u>\$ 2,617,228</u>	<u>\$ 3,310,900</u>

\* As Restated, See Note 15

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

**Meigs County**  
*Statement of Receipts, Disbursements,  
and Changes in Fund Balances Budget and Actual (Budgetary Basis)  
For the Year Ended December 31, 2004*

<b>General Fund</b>				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>Budgetary Basis Receipts:</b>				
Taxes	\$ 2,058,454	\$ 2,403,425	\$ 2,146,582	\$ (256,843)
Charges for Services	510,066	595,547	538,044	(57,503)
Licenses and Permits	3,150	3,678	2,615	(1,063)
Fines and Forfeitures	157,000	183,311	136,650	(46,661)
Intergovernmental	278,269	324,903	495,572	170,669
Interest	150,000	175,138	151,349	(23,789)
Other	110,600	129,135	260,190	131,055
<b>Total Receipts</b>	<u>3,267,539</u>	<u>3,815,137</u>	<u>3,731,002</u>	<u>(84,135)</u>
<b>Budgetary Basis Disbursements:</b>				
General Government:				
Legislative and Executive	1,000,000	1,222,118	1,207,806	14,312
Judicial	703,800	756,157	703,820	52,337
Public Safety	926,600	995,598	926,689	68,909
Public Works	65,700	70,649	65,759	4,890
Health	131,000	140,841	131,093	9,748
Human Services	285,000	306,258	285,061	21,197
Other	550,000	590,945	576,243	14,702
Interest and Fiscal Charges	-	-	-	-
Debt Service:				
Principal Retirements	-	-	-	-
<b>Total Disbursements</b>	<u>3,662,100</u>	<u>4,082,566</u>	<u>3,896,471</u>	<u>186,095</u>
<b>Excess of Receipts Over (Under) Disbursements</b>	<u>(394,561)</u>	<u>(267,429)</u>	<u>(165,469)</u>	<u>101,960</u>
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	28,528	28,528
Proceeds from Sale of Assets	-	-	250,000	250,000
Transfers Out	-	-	(298,707)	(298,707)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>(20,179)</u>	<u>(20,179)</u>
<b>Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</b>	<u>(394,561)</u>	<u>(267,429)</u>	<u>(185,648)</u>	<u>81,781</u>
Fund Balance at Beginning of Year	288,290	288,290	288,290	-
Prior Year Encumbrances Appropriated	173,412	173,412	173,412	-
<b>Fund Balance at End of Year</b>	<u>\$ 67,141</u>	<u>\$ 194,273</u>	<u>\$ 276,054</u>	<u>\$ 81,781</u>

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



*and Changes in Fund Balances Budget and Actual (Budgetary Basis)  
For the Year Ended December 31, 2004*

	<b>Public Assistance Fund</b>			
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b><u>Budgetary Basis Receipts:</u></b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for Services	577,236	577,236	577,236	-
Licenses and Permits	-	-	-	-
Fines and Forfeitures	-	-	-	-
Intergovernmental	7,524,444	4,678,520	4,678,520	-
Interest	-	-	-	-
Other	68,320	68,320	68,320	-
<b>Total Receipts</b>	<b>8,170,000</b>	<b>5,324,076</b>	<b>5,324,076</b>	<b>-</b>
<b><u>Budgetary Basis Disbursements:</u></b>				
General Government:				
Legislative and Executive	-	-	-	-
Judicial	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Health	-	-	-	-
Human Services	8,165,000	5,434,203	5,434,203	-
Other	-	-	-	-
Interest and Fiscal Charges	-	-	-	-
Debt Service:				
Principal Retirements	-	-	-	-
<b>Total Disbursements</b>	<b>8,165,000</b>	<b>5,434,203</b>	<b>5,434,203</b>	<b>-</b>
Excess of Receipts Over (Under) Disbursements	5,000	(110,127)	(110,127)	-
<b><u>Other Financing Sources (Uses):</u></b>				
Transfers In	-	-	-	-
Proceeds from Sale of Assets	-	-	-	-
Transfers Out	-	-	-	-
Advances Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses	5,000	(110,127)	(110,127)	-
Fund Balance at Beginning of Year	31,106	31,106	31,106	-
Prior Year Encumbrances Appropriated	123,691	123,691	123,691	-
<b>Fund Balance at End of Year</b>	<b>\$ 159,797</b>	<b>\$ 44,670</b>	<b>\$ 44,670</b>	<b>\$ -</b>

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

**Meigs County**  
*Statement of Receipts, Disbursements,  
and Changes in Fund Balances Budget and Actual (Budgetary Basis)  
For the Year Ended December 31, 2004*

	<b>Auto License and Gas Fund</b>			
	<b><u>Original Budget</u></b>	<b><u>Final Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance with Final Budget</u></b>
<b><u>Budgetary Basis Receipts:</u></b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for Services	-	-	1,256	1,256
Licenses and Permits	-	-	-	-
Fines and Forfeitures	-	-	10,703	10,703
Intergovernmental	3,255,000	3,622,434	3,357,137	(265,297)
Interest	-	-	2,233	2,233
Other	-	-	1,955	1,955
<b>Total Receipts</b>	<b><u>3,255,000</u></b>	<b><u>3,622,434</u></b>	<b><u>3,373,284</u></b>	<b><u>(249,150)</u></b>
<b><u>Budgetary Basis Disbursements:</u></b>				
<b>General Government:</b>				
Legislative and Executive	-	-	-	-
Judicial	-	-	-	-
Public Safety	-	-	-	-
Public Works	3,255,200	3,508,135	3,390,015	118,120
Health	-	-	-	-
Human Services	-	-	-	-
Other	-	-	-	-
Interest and Fiscal Charges	-	10,681	10,681	-
<b>Debt Service:</b>				
Principal Retirements	-	107,572	107,572	-
<b>Total Disbursements</b>	<b><u>3,255,200</u></b>	<b><u>3,626,388</u></b>	<b><u>3,508,268</u></b>	<b><u>118,120</u></b>
<b>Excess of Receipts Over (Under) Disbursements</b>	<b><u>(200)</u></b>	<b><u>(3,954)</u></b>	<b><u>(134,984)</u></b>	<b><u>(131,030)</u></b>
<b><u>Other Financing Sources (Uses):</u></b>				
Transfers In	-	-	250,000	250,000
Proceeds from Sale of Assets	-	-	-	-
Transfers Out	-	-	-	-
Advances Out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>250,000</u></b>	<b><u>250,000</u></b>
<b>Excess of Receipts and Other Financing Sources Over (Under) Disbursements and Other Financing Uses</b>	<b><u>(200)</u></b>	<b><u>(3,954)</u></b>	<b><u>115,016</u></b>	<b><u>118,970</u></b>
Fund Balance at Beginning of Year	27,780	27,780	27,780	-
Prior Year Encumbrances Appropriated	118,168	118,168	118,168	-
<b>Fund Balance at End of Year</b>	<b><u>\$ 145,748</u></b>	<b><u>\$ 141,994</u></b>	<b><u>\$ 260,964</u></b>	<b><u>\$ 118,970</u></b>

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

**Meigs County**  
*Statement of Fiduciary Net Assets - Modified Cash Basis*  
*Fiduciary Fund*  
*December 31, 2004*

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	<u><b>Agency Fund</b></u>
ASSETS:	
Equity in Pooled Cash and Cash Equivalents	\$ 1,744,736
<i>Total Assets</i>	<u>1,744,736</u>
NET ASSETS:	
Unrestricted	<u>1,744,736</u>
<i>Total Net Assets</i>	<u><u>\$ 1,744,736</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, 2004**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. 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. The County Auditor is responsible for the fiscal controls of the resources of the County which are maintained in the funds described below. The County Treasurer is the custodian of funds and the investment officer. All of these officials are elected. Services provided by the County included general government, public safety, public works, and human services.

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.

The County has the following 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 the above component unit in the accompanying basic financial statements.

**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.

**MEIGS COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Reporting Entity (Continued)**

- 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 9 to the 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

**B. Basis of Accounting**

Although required by Ohio Administrative Code Section 117-2-03(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 standards established by the Auditor of State for governmental entities that are not required to prepare annual financial reports in accordance with generally accepted accounting principles. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved).

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 the modified 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 modified cash basis of accounting.

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

**Fund Accounting**

The County's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific County functions or activities. The operation of each fund is accounted for within a separate set of self-balancing set of accounts. The County classifies each fund as either governmental or fiduciary.

**MEIGS COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Governmental Funds**

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Cash disbursements are assigned to the fund from which they are paid. The difference between governmental fund assets and cash disbursements is reported as fund balance. The following is 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.

*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.

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 by the County 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 account for monies held for other governments and undistributed assets.

**C. Basis of Presentation**

For fiscal year 2004 the County has implemented the provisions of GASB 34 for financial reporting on a modified cash basis, which is a basis of accounting other than accounting principles generally accepted in the United States of America and GASB 38, for certain financial statement note disclosures. However, there are no adjustments to beginning fund balances as a result of the implementation since the basis of accounting has not changed. The County's basic financial statements consist of government-wide statements, including a statement of net assets-modified cash basis and a statement of activities-modified cash basis, and fund financial statements that provide a more detailed level of financial information.

**MEIGS COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

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**NOTE 1 - 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.

The statement of net assets-modified cash basis presents the modified cash basis financial condition of governmental activities of the County at year-end. The statement of activities-modified cash basis presents a comparison between direct cash disbursements and program cash receipts for each program or function of the County's governmental activities. Direct cash disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. 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. The comparison of direct cash disbursements with program cash receipts identifies the extent to which each governmental function is self-financing or draws from the general cash receipts of the County.

The Government-wide Financial Statements also displays 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.

**Cash Receipts – Exchange and Non-exchange Transactions**

Cash receipts resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the modified cash basis when the exchange takes place. On a modified cash basis, receipts are recorded in the year in which the resources are received.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On a modified cash basis, receipts from property taxes are recognized in the year in which the taxes are received. Receipts from grants, entitlements and donations are recognized in the year in which the monies have been received.

**Cash Disbursements**

On the modified cash basis of accounting, disbursements are recognized at the time payments are made.

**MEIGS COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Budgetary Process**

**1. Budget**

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

**2. Estimated Resources**

The County Budget Commission certifies its actions to the County by September 1. As part of this certification, the County receives the official certificate of estimated resources that states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to December 31, the County must revise its budget so that the total contemplated disbursements from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include January 1 unencumbered fund balances. However, those fund balances are available for appropriations.

**3. Appropriations**

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

The allocation of appropriations among departments and objects within a fund may be modified during the year only by a resolution of the County Commissioners. Several supplemental appropriation resolutions were legally enacted by the County Commissioners during the year. The original budget figures that appear in the statements of budgetary comparison represent the first permanent appropriation amount passed by the County Commissioners. The final budget figures that appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications. Prior to year-end, the County Commissioners passed appropriations that reflected actual expenditures/expenses for the year.

**4. Encumbrances**

The County is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the disbursement of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be re-appropriated.



**MEIGS COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Cash and Cash Equivalents**

Cash and cash equivalents consist of the total of fund cash balances of all funds as of December 31, 2004. 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. 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 2004, interest receipts amounted to \$153,582 in which \$151,349 was recorded in the General Fund and \$2,233 was recorded in the Auto License and Gas Fund.

**Capital Assets and Depreciation**

Capital assets (fixed assets) acquired or constructed for the County are recorded as disbursements when paid. However, under the modified cash basis of accounting, capital assets and the related depreciation are not reported separately on the financial statements.

**Compensated Absences**

Vacation and sick leave benefits are not accrued under the modified cash basis of accounting as previously described. All leave will either be absorbed by time off from work, or within certain limitations, be paid to the employees.

**Long-Term Obligations**

Bonds and other long-term obligations are not recognized as a liability in the financial statements under the modified cash basis of accounting. These statements report proceeds of debt when cash is received, and debt service disbursements for debt principal payments.

**Net Assets**

Net cash assets represent the difference between assets and liabilities. Net cash assets consist of cash receipts reduced by cash disbursements for the current year. 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.

**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.

**MEIGS COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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.

**NOTE 2 – EQUITY POOLED IN CASH AND CASH EQUIVALENTS**

**Primary Government**

**Policies and Procedures:** The County has adopted GASB Statement No. 31, Accounting and Financial Reporting for Certain Investments and for External Investment Pools. However, at December 31, 2004, the County did not hold any investments. State Statute classifies monies held by the County into two categories. Active monies means an amount of public monies determined to be necessary to meet current demand 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 that are not considered active are classified as inactive. Inactive monies may be deposited or invested in the following securities:

1. Bonds, notes, or other obligations of, or guaranteed by, the United States, or those for which the faith of the United States is pledged for the payment of principal and interest;
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 subdivision, or other units or agencies of this State or 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 consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
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 exchange either securities described in division (1) or (2), or cash, or both securities and cash, equal value for equal value;
9. High grade commercial paper in an amount not to exceed 5 percent of the County's total average portfolio; and
10. Bankers acceptances for a period not to exceed two hundred seventy days and in an amount not to exceed 10 percent of the County's total average portfolio.

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

**MEIGS COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

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**NOTE 2 – EQUITY POOLED IN CASH AND CASH EQUIVALENTS (Continued)**

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 \$6,818 in un-deposited cash on hand which is included as part of Net Cash Assets.

**Deposits:** At year-end, the carrying amount of the County's deposits was \$5,048,818, and the bank balance was \$5,689,557.

Of the bank balance:

- A. \$503,342 was covered by federal deposit insurance (FDIC);
- B. \$5,186,215 was considered uninsured and un-collateralized even though securities for collateral were held by the pledging financial institution's trust department in the County's name and all State statutory requirements for the collateralization of deposits had been followed. Non-compliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

**B. Component Units**

At year-end, the carrying amount of Meigs Industries, Inc.'s deposits was \$25,429 and the bank balance was \$36,335. All of the bank balance was covered by federal depository insurance.

**NOTE 3- BUDGETARY BASIS FUND BALANCES**

Differences between the budgetary basis fund balances and fund cash balances are due to encumbrances. The table below presents those differences for the County's Major Funds:

	<u>General Fund</u>	<u>Public Assistance</u>	<u>Auto License and Gas</u>
Budgetary Basis Fund Balances	\$ 276,054	\$ 44,670	\$ 260,964
Encumbrances	<u>70,276</u>	<u>21,869</u>	<u>19,839</u>
Fund Cash Balances	<u>\$ 346,330</u>	<u>\$ 66,539</u>	<u>\$ 280,803</u>

**NOTE 4 - 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 2004 for real and public utility property taxes represents collection of 2003 taxes. Property tax payments received during 2004 for tangible personal property (other than public utility property) is for 2004 taxes.

**MEIGS COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

---

**NOTE 4 - PROPERTY TAX (Continued)**

2004 real property taxes are levied after October 1, 2004 on the assessed value as of January 1, 2004, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2004 real property taxes are intended to finance 2005.

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. 2004 public utility property taxes became a lien December 31, 2003, are levied after October 1, 2004, and are collected in 2005 with real property taxes.

2004 tangible personal property taxes are levied after October 1, 2003, on the value as of December 31, 2003. Collections are made in 2004. Tangible personal property assessments are 25 percent of true value.

The assessed value for the taxes levied in 2004 was \$254,556,450 of which real property represented 80 percent (\$202,945,950) of the total, public utility property represented less than 1 percent (\$178,310) of the total, and tangible personal property represented 20 percent (\$51,432,190) 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.

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 5 - 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, 2004 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
Uninsured/Underinsured Motorists	250,000	2,500
Errors and Omissions Liability	1,000,000	2,500
Excess Liability	1,000,000	-
Property	31,335,512	2,500
Equipment Breakdown	100,000,000	2,500
Crime Coverage	1,000,000	2,500
Stop Gap Liability	1,000,000	2,500

**MEIGS COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

---

**NOTE 5 - RISK MANAGEMENT – (Continued)**

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 Anthem Blue Cross and Blue Shield for the months January through August 2004. On August 1, 2004, the County changed health insurance coverage to 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 1, the County does not record a liability for any incurred but unpaid claims as of year end.

**NOTE 6 - 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 2004 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 2004 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 2004 was 16.7%. The County's contributions to OPERS for all employees for the years ended December 31, 2004, 2003, and 2002, were \$841,397, \$752,375, and \$765,867, respectively; 100 percent has been contributed for 2004, 2003, and 2002.

**MEIGS COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

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**NOTE 6 - RETIREMENT SYSTEMS - (Continued)**

**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.

**DB Plan Benefits** B 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 31<sup>st</sup> 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.

**MEIGS COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

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**NOTE 6 - RETIREMENT SYSTEMS - (Continued)**

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.

For the fiscal year ended June 30, 2004, plan members were required to contribute 10 percent of their annual covered salaries and the County was required to contribute 14%. 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, 2004, 2003, and 2002, were \$31,508, \$33,508, and \$34,812, respectively; 100 percent has been contributed for 2004, 2003, and 2002.

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](http://www.strsoh.org)

**NOTE 7 - 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.

**MEIGS COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

---

**NOTE 7 - POSTEMPLOYMENT BENEFITS – (Continued)**

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 both fiscal years 2004 and 2003; 4.0% was used to fund health care for the year 2004 and 5.0% was used to fund health care for the year 2003.

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, 2003.

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 annually to reflect 25% of unrealized market appreciation or depreciation on investment assets annually.

Investment Return – The investment assumption rate for 2003 was 8.00%.

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 369,885 for 2004. The employer contributions that were used to fund postemployment benefits were \$248,465 for 2004. \$10.5 billion represents the actuarial value of OPERS' net assets available for OPEBs at December 31, 2003.

The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$26.9 billion and \$16.4 billion, respectively.

OPERS Retirement Board adopts a Health Care Preservation Plan:

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

Under HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.



**MEIGS COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

**NOTE 7 - POSTEMPLOYMENT BENEFITS – (Continued)**

***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, 2004, the Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the County, the amount equaled \$3,151 for the year ended December 31, 2004. The balance in the Health Care Stabilization Fund was \$3.1 billion on June 30, 2004.

For the fiscal year ended June 30, 2004, net health care costs paid by STRS Ohio were \$268,739,000. There were 111,853 eligible benefit recipients.

**NOTE 8 - DEBT OBLIGATIONS**

Under the modified 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 2004 is as follows:

Governmental Activities Debt:

	<b>Interest Rates</b>	<b>Outstanding 12/31/03</b>	<b>Additions</b>	<b>Reductions</b>	<b>Outstanding 12/31/04</b>	<b>Due in 1 Year:</b>
Human Services Building Improvement Bonds	3.50% - 7.20%	\$ 520,000	-	\$ (65,000)	\$ 455,000	\$ 65,000
Rural Hardship EPA Loan	0.00%	37,050	-	(1,950)	35,100	1,950
OPWC Loan	2.00%	115,297	-	(15,504)	99,793	15,816
Building Acquisition Note	5.50%	27,985	-	(7,646)	20,339	8,502
EMA 2003 Ford Expedition	3.70%	23,806	-	(6,507)	17,299	6,507
Backhoe/Truck Loan	3.70%	200,000	-	(64,246)	135,754	66,644
MRDD Operating Loan	2.68%	250,000	-	(250,000)	-	-
Tractor Loan	3.70%	27,821	-	(27,821)	-	-
EMS 2003 Ford F-350 Loan	2.90%	40,010	-	(40,010)	-	-
<b>Total</b>		<b>\$ 1,241,969</b>	<b>\$ -</b>	<b>\$ (478,684)</b>	<b>\$ 763,285</b>	<b>\$ 164,419</b>

The Human Services Building Improvement General Obligation Bonds were issued in 1992. Interest rates range from 3.5% in 1992 to 7.2% in 2011.

The Rural Hardship EPA Loan was obtained in 2002 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 were used for improvements to specified county roads. Auto, License, and Gas Fund monies are used to repay this debt.

**MEIGS COUNTY  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2004**

**NOTE 8 - DEBT OBLIGATIONS (Continued)**

The Building Acquisition Note 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 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 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 MRDD Operating Loan was obtained in 2003 for the continued operation of the MRDD program. The loan will be repaid when tax monies are received.

The Tractor Note was acquired in 2002 to finance the purchase of a tractor. Auto License and Gas Fund monies are used to repay this debt.

The EMS 2003 Ford F-350 Loan was obtained in 2003 for the purchase of a vehicle for the Emergency Medical System (EMS) Program. EMS funds will be used to repay this debt.

The County issued a note for \$54,615 in 2002 to finance the purchase of a tractor. Auto, License, and Gas fun monies will be used to repay this debt.

The annual requirements to amortize debt outstanding as of December 31, 2004, including interest payments of \$136,966 are as follows:

<b>Year Ending December 31</b>	<b>Rural Hardship EPA Loan</b>	<b>Building Improvement Bonds</b>	<b>OPWC Loan</b>	<b>Building Acquisition Note</b>	<b>EMA 2003 Ford Expedition</b>	<b>Backhoe/ Truck Loan</b>	<b>Total</b>
2005	\$ 1,950	\$ 96,427	\$ 17,733	\$ 9,116	\$ 7,300	\$ 71,667	\$ 204,193
2006	1,950	92,105	17,733	9,116	7,299	71,666	199,869
2007	1,950	87,750	17,733	6,078	3,649	-	117,160
2008	1,950	83,330	17,733	-	-	-	103,013
2009	1,950	78,845	17,733	-	-	-	98,528
2010-2014	9,750	144,155	17,733	-	-	-	171,638
2015-2019	9,750						
2015-2019	5,850	-	-	-	-	-	5,850
<b>Total</b>	<b>\$ 35,100</b>	<b>\$ 582,612</b>	<b>\$ 106,398</b>	<b>\$ 24,310</b>	<b>\$ 18,248</b>	<b>\$ 143,333</b>	<b>\$ 900,251</b>

**NOTE 9 - 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.

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 2004, the County made no contributions to the Board.

**MEIGS COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

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**NOTE 9 - JOINTLY GOVERNED ORGANIZATIONS – (Continued)**

**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.

**NOTE 10 - 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.

**MEIGS COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

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**NOTE 11 - 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, 2004.

The County is party to several lawsuits pending against the County. The County's legal counsel is uncertain as to the exact outcome of the lawsuits, but does not estimate any liability on the County's part.

**A. Component Units**

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

**NOTE 12 – SUBSEQUENT EVENTS**

**Subsequent Debt Issuances**

The County EMS issued a loan in the amount of \$50,160 on May 4, 2005. The loan is to be repaid in late 2006 with a 4% interest rate. The loan was utilized to purchase an ambulance.

The County borrowed \$212,296 on July 5, 2005. This loan is to be repaid on July 5, 2007 with a 3.68% interest rate. The loan was utilized to purchase two tandem trucks.

**Meigs County Sheriff's Department**

The Meigs County Sheriff Department has spent greater than 42% of its 2005 total appropriations in the following line items as of May 31, 2005:

<b>Line Item</b>	<b>Percentage Spent as of May 31, 2005</b>
Salaries - Employees	52.53%
Supplies	65.64%
Housing Prisoners	55.04%
Gas & Oil	57.76%
Other Expenses	50.40%
Uniforms	52.86%

**Meigs County Landfill**

The Ohio EPA has provided the County with a number of deadlines in which to enter into agreement with the Director of the Ohio EPA regarding the clean up of a leachate problem with the Meigs County Landfill. The County has estimated the cleanup will cost \$40,000. As of June 23, 2005, the County has received EPA permits to start the clean up. Per Commissioner Jim Sheets, the County Engineer is in the process of starting installation of the wetland system.

**MEIGS COUNTY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

**NOTE 13-TRANSFERS**

**TRANSFERS OUT:**

		<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>TRANSFERS IN:</b>	General Fund	\$ -	\$ 28,528	\$ 28,528
	Auto License & Gas	250,000	-	250,000
	Other Governmental Funds	48,707	61,877	110,584
	Total	<u>\$ 298,707</u>	<u>\$ 90,405</u>	<u>\$ 389,112</u>

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. Transfers to the general fund from other non-major governmental funds were by court order. Transfers out of Other Governmental Funds into Other Governmental Funds indicate transfers between individual MRDD funds (MRDD general fund to MRDD Housing Authority and Capital Project fund).

**NOTE 14-CONTRACTUAL COMMITMENTS**

The following contracts issued in 2004 had the following balances outstanding at year end:

<u>Contractor</u>	<u>Project Description</u>	<u>Outstanding at 12/31/04</u>
JC Trivett Company	Rutland Sewer Project	\$27,823
Shelly Company	Meigs County Paving Project Round 18	342,494
Shelly Company	Chester Township Street Improvement	7,046
Shelly Company	Lincoln Hill Street	7,496
	Total Commitment	<u>\$384,859</u>

**NOTE 15-RESTATEMENT OF FUND BALANCE**

In 2004, the County elected to continue presenting its annual financial report on a modified cash basis; however, the County presented the cash basis financial statements in a GASB 34-like format. As a result, the General fund had an increase in fund balances as a result of reclassifying its internal service fund. The result of this reclassification is presented below:

<b>Restatement of Governmental Activity:</b>	General	Public Assistance	Auto License & Gas	All other Governmental Funds	Total
Fund Balance December 31, 2003	\$440,853	\$154,797	\$145,948	\$2,662,702	\$3,404,300
Reclassification of Internal Service Fund	20,849	0	0	0	20,849
Adjusted Fund Balance	<u>\$461,702</u>	<u>\$154,797</u>	<u>\$145,948</u>	<u>\$2,662,702</u>	<u>\$3,425,149</u>

<b>Restatement of Business Activity:</b>	
Fund Balance, December 31, 2003	\$20,849
Reclassification of Internal Service Fund	(20,849)
Business Activities Adjusted Net Assets at December 31, 2003	\$0

**MEIGS COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

<b>FEDERAL GRANTOR</b> <i>Pass-Through Grantor</i>	Federal CFDA	Pass-Through Entity	Disbursements	Noncash Disbursements
<u>Program Title</u>	<u>Number</u>	<u>Number</u>		
<b>UNITED STATES DEPARTMENT OF AGRICULTURE:</b>				
<i>Passed through the Ohio Department of Education:</i>				
Nutrition Cluster:				
Food Distribution	10.550	N/A	\$	\$ 3,916
School Breakfast Program	10.553	05-PU-02	3,532	-
School Lunch Program	10.555	04-PU-02	6,627	-
Total Nutrition Cluster			10,159	3,916
Total United States Department of Agriculture			10,159	3,916
<b>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>				
<i>Passed through the Ohio Department of Development:</i>				
HOME Investment Partnerships Program	14.239	B-C-03-049-1	186,452	-
Community Development Block Grant - State's Program	14.228	B-F-04-049-1	3,812	-
		B-N-03-049-1	11,973	-
		B-C-01-049-1	30	-
		B-M-99-049-1	885	-
		B-W-01-049-1	20	-
		B-F-02-049-1	804	-
		B-M-96-049-1	1,605	-
		B-C-97-049-1	21,239	-
		B-F-03-049-1	120,223	-
		B-C-03-049-1	174,923	-
Total Community Development Block Grant Program			335,514	-
Total United States Department of Housing and Urban Development			521,966	-
<b>UNITED STATES DEPARTMENT OF JUSTICE</b>				
<i>Passed through the Governor's Office of Criminal Justice Services:</i>				
Local Law Enforcement Block Grants Program	16.592	2003-LE-LEB-3608	18,438	-
		2002-LE-LEB-3598	4,557	-
Total Local Law Enforcement Block Grants Program			22,995	-
Total United States Department of Justice			22,995	-
<b>UNITED STATES DEPARTMENT OF LABOR</b>				
<i>Passed through the Ohio Department of Job and Family Services:</i>				
<i>Workforce Investment Act Cluster:</i>				
WIA Adult	17.258	N/A	387,096	-
WIA Youth Activities	17.259	N/A	222,965	-
WIA Dislocated Workers	17.260	N/A	24,389	-
Workforce Investment Act Cluster			634,450	-
Total United States Department of Labor			634,450	-
<b>UNITED STATES DEPARTMENT OF TRANSPORTATION</b>				
<i>Passed through the Ohio Department of Transportation:</i>				
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	N/A	1,133	-
Total United States Department of Transportation			1,133	-

MEIGS COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2004  
(Continued)

FEDERAL GRANTOR <i>Pass-Through Grantor</i>	Federal CFDA Number	Pass-Through Entity Number	Disbursements	Noncash Disbursements
Program Title			Disbursements	Disbursements
<b>U.S. GENERAL SERVICES ADMINISTRATION</b>				
<i>Passed through the Ohio Secretary of State</i>				
Election Reform Payments	39.011	04-SOS-HAVA-53	6,000	-
Total U.S. General Services Administration			6,000	-
<b>ENVIRONMENTAL PROTECTION AGENCY</b>				
<i>Passed through the Ohio Environmental Protection Agency:</i>				
Hardship Grant for Rural Communities	66.470	HG390004-01	30,686	-
Total Environmental Protection Agency			30,686	-
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>				
<i>Passed through the Ohio Department of Education:</i>				
Special Education Cluster:				
Special Education Grants to States	84.027	085662-6BSF-2004-P	26,030	-
Special Education Preschool Grant	84.173	085662-PGSI-2004-P	10,941	-
Total Special Education Cluster			36,971	-
State Grants for Innovative Programs	84.298	085662-C2SI-2004-P	372	-
Special Education Grants for Infants and Families with Disabilities	84.181	53-1-002-1-EG-05	74,266	-
Total United States Department of Education			111,609	-
<b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<i>Passed through the Ohio Department of Mental Retardation and Developmental Disabilities:</i>				
Social Services Block Grant	93.667	N/A	20,424	-
Medical Assistance Program	93.778	N/A	35,901	-
Total United States Department of Health and Human Services			56,325	-
<b>UNITED STATES DEPARTMENT OF HOMELAND SECURITY</b>				
<i>Passed through the Ohio Emergency Management Agency:</i>				
State Domestic Preparedness Equipment Support Program	97.004	2002-TE-CX-0049	47,696	-
		2002-TE-CX-0106	26,924	-
		2003-TE-TX-0199	30,374	-
		2003-MUP-30015	47,044	-
		2004-GE-T4-0025	48,637	-
Total State Domestic Preparedness Equipment Support Program			200,675	-
Emergency Management Performance Grants	97.042	EMC-2004-GR-7007	35,783	-
Public Assistance Grants	97.036	FEMA-1453-DR-10510DIA	373,645	-
		FEMA-1453-DR-10510DOF	2,192	-
			375,837	-
Pre-Disaster Mitigation	97.047	EMC-2003-GR-7043	7,352	-
State and Local All Hazards Emergency Operations Planning	97.051	EMC-2003-GR-7026	942	-
Total United States Department of Homeland Security			620,589	-
<b>Total Federal Awards Expenditures</b>			<b>\$ 2,015,912</b>	<b>\$ 3,916</b>

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, 2004**

**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, 2004 which collectively comprise the County's basic financial statements and have issued our report thereon dated August 12, 2005, 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 revised its financial presentation to be comparable to the requirement of Governmental Accounting Standard Board Statement No. 34. 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 2004-001.


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 August 12, 2005.

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 black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

August 12, 2005

# BALESTRA, HARR & SCHERER, CPAs, INC.

528 South West Street, P.O. Box 687  
Piketon, Ohio 45661

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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 the 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 its major federal program for the year ended December 31, 2004. The County's major federal program is 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 its major federal program 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 its major federal program for the year ended December 31, 2004.

### **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.

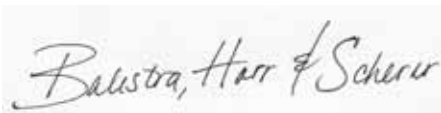
Meigs County

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.

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.

August 12, 2005

MEIGS COUNTY  
DECEMBER 31, 2004

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 SECTION .505

**1. SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	WIA Cluster, CFDA Numbers: 17.258, 17.259, 17.260
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

MEIGS COUNTY  
DECEMBER 31, 2004

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 SECTION .505

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

**Finding Number 2004-001**

**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 modified 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.

We recommend the County 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 AND QUESTIONED COSTS**  
**OMB CIRCULAR A-133 SECTION .315 (b)**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

**SCHEDULE OF PRIOR AUDIT FINDINGS**

Finding Number	Finding Summary	Fully Corrected	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-60753-001	Finding for Recovery for \$326.51 for excessive overtime payment to Lee Hawks.	No	Not Corrected. The support, provided by Mr. Hawks, to show this finding was unwarranted was not satisfactory with the Prosecuting Attorney. No further action has been taken.
2000-60753-002	Finding for Recovery of \$1,930 for public money collected but not accounted for.	Yes	
2000-60753-005	Finding for Recovery of \$712 for public money collected but not accounted for.	Yes	
2000-60753-006	Finding for Recovery of \$8,502.49 for public money collected but not accounted for.	Yes	
2000-60753-007	Finding for Recovery of \$3,476.46 for public money collected but not accounted for.	Yes	
2000-60753-009	Finding for Recovery of \$2,710 for public money collected but not accounted for.	Yes	
2000-60753-010	Finding for Recovery of \$174.55 for public money illegally expended.	Yes	
2000-60753-011	Finding for Recovery of \$695.61 for public monies illegally expended.	Yes	
2000-60753-012	Finding for Recovery of \$500 for public monies illegally expended.	Yes	
2000-60753-013	Finding for Recovery of \$1,145.02 for public monies illegally expended.	Yes	
2000-60753-014	Finding for Adjustments of \$4,314 against the Law Enforcement Trust Fund in favor of the Crime Victims Assistance Grant Fund.	No	Not corrected. The Grant has been closed out. The Grantor has not issued a management decision as of August 12, 2005.
2000-60753-020	Noncompliance Citation/Questioned Costs for \$41,430.40 Crime Victims Assistance expenditures unallowable, in excess of grant limits, or unsupported.	No	Not Corrected. The Grant has been closed out. The Grantor has not issued a management decision as of August 12, 2005.
2000-60753-022	Noncompliance Citation/Questioned Costs of Chapter 10 of Ohio Criminal Justice Services Standard Federal Subgrant Conditions for \$1,123.57 for Violence Against Women Grant expenditures in excess of the approved budget and/or unallowable per the approved budget.	No	Not Corrected. The Grant has been closed out. The Grantor has not issued a management decision as of August 12, 2005.
2002-001	Noncompliance Citation/Reportable Condition of Ohio Admin Code Section 117-2-03(B) for not filing on GAAP basis.	No	Not Corrected. Reissued in current audit Schedule of Findings as item 2004-001.

**MEIGS COUNTY  
CORRECTIVE ACTION PLAN  
OMB CIRCULAR A-133 SECTION .315 (c)  
FOR THE YEAR ENDED DECEMBER 31, 2004**

Finding Number:	Planned Corrective Action:	Anticipated Completion Date:	Responsible Contact Person:
2004-001	County does not anticipate filing on a GAAP basis until financial conditions improve.	No estimated date.	Nancy Grueser, Auditor  County Commissioners: Jeff Thronton, Board President Mick Davenport, Vice President Jim Sheets, 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  
NOVEMBER 10, 2005**