



Mary Taylor, CPA
Auditor of State

MEIGS TOWNSHIP
MUSKINGUM COUNTY

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Mary Taylor, CPA
Auditor of State

Meigs Township
Muskingum County
9390 Cutler Lake Road
Blue Rock, Ohio 43720

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Mary Taylor, CPA
Auditor of State

May 17, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Meigs Township
Muskingum County
9390 Cutler Lake Road
Blue Rock, Ohio 43720

To the Board of Trustees:

We have audited the accompanying financial statements of Meigs Township, Muskingum County, Ohio (the Township), as of and for the years ended December 31, 2009 and 2008. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in paragraphs 6, 7 and 8, 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' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity-wide statements and also presenting the Township's larger (i.e., major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the fifth and sixth following paragraphs.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701-2157
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110
www.auditor.state.oh.us

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2009 and 2008 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2009 and 2008, or its changes in financial position for the years then ended.

During our audit of the years 2007 and 2006, we reported the Township failed to comply with Ohio Revised Code Section 505.24(C) and Ohio Attorney General Opinion 2004-056, which requires trustees to document the proportionate amount chargeable to other township funds based on the kinds of services rendered. Without this documentation, the Township is required to charge salaries and benefits to the General Fund. During these years, the Board of Trustees did not prepare documentation of their time spent. In addition, during the audit of the years 2007 and 2006, we reported the Township failed to comply with Ohio Revised Code Section 5705.10(H) that requires that money paid into a fund be used only for the purposes said fund is established. During 2006, we noted the Township paid for certain expenditures of an administrative nature from the Gasoline Tax and Road and Bridge Funds rather than the General Fund. Therefore, findings for adjustment totaling \$59,781 were issued against the Township's General Fund in favor of the Township's Motor Vehicle License Tax, Gasoline Tax, and Road and Bridge Funds in the amounts of \$2,064, \$51,721, and \$5,996, respectively. The Township declined to make these adjustments due to the impact these adjustments would have on the General Fund.

On June 10, 2008, the Township adopted Resolution No. 06-10-08 which established for the reimbursement of the findings for adjustment to be made at a rate of at least \$10,000 per year, commencing in December of 2009, and continuing each year thereafter until said funds are restored. During 2009, the Township transferred \$2,064 from the General Fund to the Motor Vehicle License Tax Fund and \$4,129 from the General Fund to the Road and Bridge Fund as part of this reimbursement. However, this is less than the reimbursement required by resolution.

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

Fund	December 31, 2008 Fund Balance (Over) / Understated	December 31, 2009 Fund Balance (Over) / Understated
General Fund	(\$59,781)	(\$53,588)
Motor Vehicle License Tax Fund	2,064	0
Gasoline Tax Fund	51,721	51,721
Road and Bridge Fund	<u>5,996</u>	<u>1,867</u>
Net	\$0	\$0

In our opinion, because of the effects of the matters referred to in the preceding three paragraphs, the financial statements referred to above do not present fairly, in all material respects, the combined fund cash balances of the General Fund and Special Revenue Fund types of Meigs Township, Muskingum County, Ohio, as of December 31, 2009 and 2008 and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balance of the Permanent Fund type of Meigs Township, Muskingum County, Ohio, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2010, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

May 17, 2010

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**MEIGS TOWNSHIP
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Permanent	
Cash Receipts:				
Property and Other Local Taxes	\$12,103	\$24,429		\$36,532
Licenses, Permits, and Fees	960			960
Intergovernmental	14,650	98,987		113,637
Earnings on Investments	14	14	\$1	29
Miscellaneous	4,181			4,181
Total Cash Receipts	31,908	123,430	1	155,339
Cash Disbursements:				
Current:				
General Government	25,763	628		26,391
Public Safety		6,101		6,101
Public Works	568	130,038		130,606
Debt Service:				
Redemption of Principal		9,479		9,479
Interest and Other Fiscal Charges		539		539
Total Cash Disbursements	26,331	146,785	0	173,116
Total Cash Receipts Over/(Under) Cash Disbursements	5,577	(23,355)	1	(17,777)
Other Financing Receipts / (Disbursements):				
Transfers-In		6,193		6,193
Transfers-Out	(6,193)			(6,193)
Total Other Financing Receipts / (Disbursements)	(6,193)	6,193	0	0
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	(616)	(17,162)	1	(17,777)
Fund Cash Balances, January 1	7,395	76,611	503	84,509
Fund Cash Balances, December 31	\$6,779	\$59,449	\$504	\$66,732

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

**MEIGS TOWNSHIP
MUSKINGUM COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Permanent	
Cash Receipts:				
Property and Other Local Taxes	\$11,686	\$23,872		\$35,558
Intergovernmental	17,887	104,723		122,610
Earnings on Investments			\$2	2
Miscellaneous	2,113			2,113
	31,686	128,595	2	160,283
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	38,418	8,150		46,568
Public Safety		6,021		6,021
Public Works	834	85,362		86,196
Health	2,100			2,100
Debt Service:				
Redemption of Principal		9,068		9,068
Interest and Other Fiscal Charges		950		950
	41,352	109,551	0	150,903
Total Cash Disbursements				
Total Cash Receipts Over/(Under) Cash Disbursements	(9,666)	19,044	2	9,380
Fund Cash Balances, January 1	17,061	57,567	501	75,129
Fund Cash Balances, December 31	\$7,395	\$76,611	\$503	\$84,509

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

**MEIGS TOWNSHIP
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

1. Summary of Significant Accounting Policies

A. Description of the Entity

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

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

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

B. Accounting Basis

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

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

C. Fund Accounting

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

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

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

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

**MEIGS TOWNSHIP
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

C. Fund Accounting (Continued)

3. Permanent Funds

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's programs. The Township had the following significant Permanent Fund:

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

D. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2009 and 2008 budgetary activity appears in Note 3.

E. Property, Plant, and Equipment

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

2. Equity in Pooled Deposits

The Township maintains a cash pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments.

**MEIGS TOWNSHIP
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

2. Equity in Pooled Deposits (Continued)

The carrying amount of cash at December 31 was as follows:

	2009	2008
Demand deposits	\$66,732	\$84,509

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$32,611	\$31,908	(\$703)
Special Revenue	125,877	129,623	3,746
Permanent	3	1	(2)
Total	\$158,491	\$161,532	\$3,041

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$39,797	\$32,524	\$7,273
Special Revenue	197,377	146,785	50,592
Permanent	506	0	506
Total	\$237,680	\$179,309	\$58,371

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$45,310	\$31,686	(\$13,624)
Special Revenue	122,890	128,595	5,705
Permanent	2	2	0
Total	\$168,202	\$160,283	(\$7,919)

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$62,151	\$41,352	\$20,799
Special Revenue	178,546	109,551	68,995
Permanent	503	0	503
Total	\$241,200	\$150,903	\$90,297

**MEIGS TOWNSHIP
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

4. Property Tax

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. Debt

Debt outstanding at December 31, 2009, was as follows:

	Principal	Interest Rate
Tractor/Loader Renewable Lease Purchase Agreement	\$4,899	4.80%

The Township entered into a lease purchase agreement on September 12, 2005 for a tractor with a loader to be used on Township roads. Semi-annual payments of \$5,009, including interest, are due on the tractor through May 15, 2010. Upon the Township's payment in full of all lease payments, the lessor's rights and title to the equipment shall transfer to the Township. Termination of this lease prior to this shall terminate all obligations of the Township and terminate the Township's rights to use and possession of the tractor and loader.

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

Year ending December 31:	Lease Purchase Agreement
2010	\$5,009

6. Retirement System

The Township's employees and officials belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which includes postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10% of their gross salaries, and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2009.

**MEIGS TOWNSHIP
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

7. Risk Management

Risk Pool Membership

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 for property claims.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$40,737,740	\$43,210,703
Liabilities	<u>(12,981,818)</u>	<u>(13,357,837)</u>
Net Assets	<u>\$27,755,922</u>	<u>\$29,852,866</u>

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, respectively.

**MEIGS TOWNSHIP
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

7. Risk Management (Continued)

Risk Pool Membership (Continued)

These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$3,400.

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

<u>Contributions to OTARMA</u>	
2007	\$4,664
2008	\$4,264
2009	\$3,926

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



Mary Taylor, CPA

Auditor of State

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

Meigs Township
Muskingum County
9390 Cutler Lake Road
Blue Rock, Ohio 43720

To the Board of Trustees:

We have audited the financial statements of Meigs Township, Muskingum County, Ohio (the Township), as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated May 17, 2010, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also issued an adverse opinion on the 2009 and 2008 financial statements of the General and Special Revenue Fund types due to the Township declining to make findings for adjustment from the 2007 and 2006 audit performed by the Auditor of State. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings, we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness and another deficiency we consider to be a significant deficiency.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701-2157
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110
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A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying Schedule of Findings to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2009-002 described in the accompanying Schedule of Findings to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2009-001.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated May 17, 2010.

The Township's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management, the Board of Trustees, and others within the Township. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

May 17, 2010

**MEIGS TOWNSHIP
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

FINDING NUMBER 2009-001

Noncompliance Citation and Material Weakness

Meigs Township Resolution No. 06-10-08, adopted by the Board of Township Trustees on June 10, 2008, authorized the Township to transfer monies from the Township's General Fund to the Gasoline Tax, Motor Vehicle License Tax, and Road and Bridge Funds, in the amounts of \$51,721, \$2,064, and \$5,996, respectively, at a rate of at least \$10,000 per year commencing in December of 2009. The Township adopted this resolution to address findings for adjustment issued by the Auditor of State as part of the Auditor of State's audit of the Township's financial statements for the years ended December 31, 2006 and 2007.

During 2009, the Township posted transfers from the General Fund to the Motor Vehicle License Tax and Road and Bridge funds, in the amounts of \$2,064 and \$4,129, respectively; however, this is below the \$10,000 required by Township Resolution No. 06-10-08. Failure to repay monies to the appropriate funds in a timely fashion will result in the Township's fund balances to continue to be misstated. Because of the previous finding for adjustment and the previously mentioned transfers, the Township's General Fund is overstated by \$53,588 and the Gasoline Tax and Road and Bridge Funds are understated by \$51,721 and \$1,867, respectively, for the year ended December 31, 2009.

We recommend the Township make transfers in accordance with Resolution No. 06-10-08 in order to timely correct the misstatement of the Township's fund balances.

Officials' Response

On June 10, 2008, the Board of Trustees of Meigs Township, Muskingum County, Ohio adopted resolution No. 06-10-08 in order to address the Auditor of States' findings for adjustment issued by the Auditor of State as part of the audit for the years ending December 31, 2006 and 2007. However, in order to prevent the possibility of negative fund balances and based on discussions with Local Government Services, the Board decided to lower the transfer amount to maintain the financial stability of the General Fund.

FINDING NUMBER 2009-002

Significant Deficiency

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The Ohio Township Handbook provides suggested account classifications. These accounts classify receipts by fund and source (taxes or charges for services, for example) and classify disbursements by fund, program (general government, for example) or object (personal services, for example). Using these classifications will provide the Township with information required to monitor compliance with the budget and prepare annual reports in the format required by the Auditor of State.

**MEIGS TOWNSHIP
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

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

FINDING NUMBER 2009-002 (Continued)

Significant Deficiency (Continued)

During 2009, the Township incorrectly posted homestead and rollback receipts as property taxes rather than as intergovernmental receipts on the financial statements. This resulted in property taxes being overstated and intergovernmental receipts being understated in the amounts of \$1,097, \$1,756, and \$352 in the General, Road and Bridge, and Fire District Funds, respectively. In addition, during 2008, a portion of gross real estate taxes were posted as intergovernmental receipts instead of property taxes in the amounts of \$543, \$869, and \$174 in the General, Road and Bridge, and Fire District Funds, respectively. There was also an incorrect posting of intangible taxes to miscellaneous receipts instead of property taxes in 2008 in the amount of \$254 in the General Fund. Debt service principal was posted to debt service interest in error in the amount of \$9,068 in 2008 and \$9,479 in 2009 in the Gasoline Tax Fund. These items resulted in adjustments, with which management has agreed, being posted to the accompanying financial statements.

Additionally, during 2009, the Township incorrectly posted \$867 of local government funding to the Motor Vehicle License Tax Fund rather than the General Fund. In addition the Township incorrectly posted \$257 of Excess IRP (International Registration Plan) monies to the General Fund rather than the Motor Vehicle License Tax Fund.

Failure to properly classify receipts and disbursements as to the appropriate source could result in the financial statements being misleading in regards to the nature of the Township's operations.

We recommend the Township Fiscal Officer refer to the Ohio Township Handbook for proper classification and take additional care in posting transactions to the Township's ledgers and annual financial report in order to ensure the Township's year-end financial statements reflect the appropriate sources of the Township's receipts and disbursements.

Officials' Response

The Township Fiscal Officer has been educated on the incorrect postings and will take additional care in posting receipts and will refer to the Ohio Township Handbook or the State Auditor's office to properly post receipts.

**MEIGS TOWNSHIP
MUSKINGUM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2007-001	Finding for Adjustment and Material Weakness – The Township failed to comply with the requirements of Ohio Rev. Code Section 505.24(C) and Ohio Attorney General Opinion 2004-036, which require the Board of Township Trustees to maintain documentation of services performed when salaries and benefits are paid from Township funds other than the General Fund. Therefore, a finding for adjustment was issued against the General Fund, in the amount of \$56,191, and in favor of the Motor Vehicle License Tax, Gasoline Tax, and Road and Bridge Funds, in the amounts of \$2,064, \$49,998, and \$4,129, respectively.	No	The Township maintained the required documentation for salaries and benefits during the years of 2008 and 2009, however, as noted in the current year <i>Independent Accountants' Report</i> and in Finding No. 2009-001, the Township has not repaid the finding for adjustment from the General Fund to the required funds in its entirety.
2007-002	Finding for Adjustment and Material Weakness – The Township failed to comply with Ohio Rev. Code Section 5705.10(H) as the Township incorrectly paid certain administrative portions of general liability insurance and property insurance from the Gasoline Tax and Road and Bridge Funds. Therefore, a finding for adjustment was issued against the General Fund, in the amount of \$3,590, and in favor of the Gasoline Tax and Road and Bridge Funds, in the amounts of \$1,723 and \$1,867, respectively.	No	No instances of noncompliance with this requirement were noted in the years of 2008 and 2009, however, as noted in the current year <i>Independent Accountants' Report</i> and in Finding No. 2009-001, the Township has not repaid the finding for adjustment from the General Fund to the required funds in its entirety.
2007-003	Ohio Rev. Code Section 5705.41(D)(1) – The Township failed to certify the availability of funds prior to incurring an obligation.	Yes	
2007-004	Ohio Admin. Code Section 117-2-02(A) – The Township failed to properly classify certain transactions.	No	Repeated as Finding No. 2009-002 in the Schedule of Findings.
2007-005	Ohio Admin. Code Section 117-2-02(A), Ohio Rev. Code Sections 5705.40 and 5705.36(A)(3), and Auditor of State Bulletin 2000-008 – The Township failed to budget and record on-behalf-of grants from the Muskingum County Engineer and the corresponding payments.	Yes	



Mary Taylor, CPA
Auditor of State

MEIGS TOWNSHIP

MUSKINGUM COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 20, 2010**