



**MEIGSVILLE TOWNSHIP  
MORGAN COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 1999-1998**



**JIM PETRO  
AUDITOR OF STATE**

STATE OF OHIO



**MEIGSVILLE TOWNSHIP  
TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental and Fiduciary Fund Types - For the Year Ended December 31, 1999 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental and Fiduciary Fund Types - For the Year Ended December 31, 1998 .....	4
Notes to the Financial Statements .....	5
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	11
Schedule of Findings .....	13

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## REPORT OF INDEPENDENT ACCOUNTANTS

Meigsville Township  
Morgan County  
125 Johnson Lane  
McConnelsville, Ohio 43756

To the Board of Trustees:

We have audited the accompanying financial statements of Meigsville Township, Morgan County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Meigsville Township, Morgan County, as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As disclosed in Note 7, the Township's Cemetery Trust Fund which was previously recorded as a nonexpendable trust fund is now considered expendable and is reported as such in the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 11, 2000 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

July 11, 2000



**MEIGSVILLE TOWNSHIP  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN FUND CASH BALANCES  
 ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust Fund</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$21,657	\$34,926	\$	\$56,583
Intergovernmental	17,579	93,248		110,827
Charges for Services	300			300
Earnings on Investments	1,958	2,482	44	4,484
Other Revenue	173	16,043		16,216
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	41,667	146,699	44	188,410
<b>Cash Disbursements:</b>				
Current:				
General Government	20,746			20,746
Public Safety		5,281		5,281
Public Works		125,715		125,715
Health	7,493			7,493
Debt Service:				
Redemption of Principal		22,000		22,000
Interest and Fiscal Charges		984		984
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	28,239	153,980	0	182,219
Total Receipts Over/(Under) Disbursements	13,428	(7,281)	44	6,191
Fund Cash Balances, January 1	8,535	83,902	1,224	93,661
<b>Fund Cash Balances, December 31</b>	<b><u>\$21,963</u></b>	<b><u>\$76,621</u></b>	<b><u>\$1,268</u></b>	<b><u>\$99,852</u></b>

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

**MEIGSVILLE TOWNSHIP  
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN FUND CASH BALANCES  
 ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Expendable Trust Fund</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$14,070	\$21,887	\$	\$35,957
Intergovernmental	11,220	143,211		154,431
Charges for Services	400			400
Earnings on Investments	425	1,204	21	1,650
Other Revenue	1,939	1,434		3,373
<b>Total Cash Receipts</b>	<b>28,054</b>	<b>167,736</b>	<b>21</b>	<b>195,811</b>
<b>Cash Disbursements:</b>				
Current:				
General Government	22,116			22,116
Public Safety		5,171		5,171
Public Works		89,440		89,440
Health	4,903			4,903
Debt Service:				
Redemption of Principal		2,250		2,250
Interest and Fiscal Charges		75		75
Capital Outlay		20,000		20,000
<b>Total Cash Disbursements</b>	<b>27,019</b>	<b>116,936</b>	<b>0</b>	<b>143,955</b>
<b>Total Receipts Over/(Under) Disbursements</b>	<b>1,035</b>	<b>50,800</b>	<b>21</b>	<b>51,856</b>
<b>Other Financing Receipts/(Disbursements):</b>				
Proceeds from Sale of Public Debt:				
Sale of Notes		20,000		20,000
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>0</b>	<b>20,000</b>	<b>0</b>	<b>20,000</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	1,035	70,800	21	71,856
Fund Cash Balances, January 1	7,500	13,102	1,203	21,805
<b>Fund Cash Balances, December 31</b>	<b>\$8,535</b>	<b>\$83,902</b>	<b>\$1,224</b>	<b>\$93,661</b>

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



**MEIGSVILLE TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Meigsville Township, Morgan County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township contracts with the Village of Malta to provide fire services and emergency medical services.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Certificates of deposit are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**D. Fund Accounting**

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

**1. General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

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

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

**MEIGSVILLE TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**2. Special Revenue Funds- (Continued)**

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.

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

FEMA Fund - This fund receives money from the Federal Emergency Management Agency for the purpose of providing service to Township residents for loss due to natural disasters.

**3. Fiduciary Funds (Trust Funds)**

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

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

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. 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. The Township did not use the encumbrance method of accounting.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

**MEIGSVILLE TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Property, Plant and Equipment**

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

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Township.

**2. EQUITY IN POOLED CASH**

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

	<u>1999</u>	<u>1998</u>
Demand deposits	\$98,852	\$92,661
Certificate of deposit	<u>\$1,000</u>	<u>\$1,000</u>
Total	<u>\$99,852</u>	<u>\$93,661</u>

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 1999 and December 31, 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$24,945	\$41,667	\$16,722
Special Revenue	101,770	146,699	44,929
Expendable Trust	224	44	(180)
Total	<u>\$126,939</u>	<u>\$188,410</u>	<u>\$61,471</u>

**MEIGSVILLE TOWNSHIP  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999 AND 1998  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$33,450	\$28,239	\$5,211
Special Revenue	174,872	153,980	20,892
Expendable Trust	224	0	224
Total	\$208,546	\$182,219	\$26,327

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$24,493	\$28,054	\$3,561
Special Revenue	101,837	187,736	85,899
Expendable Trust	41	21	(20)
Total	\$126,371	\$215,811	\$89,440

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$31,500	\$27,019	\$4,481
Special Revenue	106,420	116,936	(10,516)
Expendable Trust	0	0	0
Total	\$137,920	\$143,955	(\$6,035)

All expenditures made during 1999 and 1998 were executed without obtaining the prior certification of the availability of funds by the Clerk.

**4. PROPERTY TAX**

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

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

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

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

**MEIGSVILLE TOWNSHIP**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999 AND 1998**  
**(Continued)**

**5. RETIREMENT SYSTEMS**

The Township's officials and employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

**6. RISK MANAGEMENT**

The Township is a member of the Ohio Township Risk Management Authority, (the Pool) a local government risk pool. The Pool assumes the risk of loss up to the limits of the Township's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle
- Employee Benefit Liability

The Township also provides health insurance coverage to its full-time employee through a private carrier.

**7. CHANGE IN FUND CLASSIFICATION**

The Cemetery Trust Fund was previously classified and reported as a nonexpendable trust fund. Based on more recent information obtained in this audit period, it has been determined the Township's Cemetery Trust Fund should be classified as an expendable trust fund. The financial statements properly reflect the trust activity in an expendable trust fund.

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

Meigsville Township  
Morgan County  
125 Johnson Lane  
McConnelsville, Ohio 43756

To the Board of Trustees:

We have audited the accompanying financial statements of Meigsville Township, Morgan County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998 and have issued our report thereon dated July 11, 2000 wherein we noted that the Cemetery Trust Fund is now being reported as an expendable trust fund in the Township's financial statements. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 1999-41058-001 and 1999-41058-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated July 11, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Township's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings as items 1999-41058-001 and 1999-41058-002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable conditions described above are not material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated July 11, 2000.

This report is intended for the information and use of management and the Board of Trustees, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

July 11, 2000



**MEIGSVILLE TOWNSHIP  
SCHEDULE OF FINDINGS  
DECEMBER 31, 1999 AND 1998**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>FINDING NUMBER</b>	<b>1999-41058-001</b>
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**Noncompliance Citation and Reportable Condition**

Ohio Rev. Code Section 5705.41(D)(1) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collections to the credit of an appropriate fund free from any previous encumbrances. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This section also provides two "exceptions" to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrance, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Board of Trustees.

Liabilities, contracts and open purchase commitments were not certified as to the availability of funds by the Clerk prior to incurring the obligation and Then and Now Certificates were not used. These commitments were not subsequently approved by the Board of Trustees with the aforementioned 30-day time period.

We recommend that liabilities, contracts and open purchase commitments be certified by the Township Clerk in accordance with Ohio Rev. Code Section 5705.41(D) (1), posted to the appropriations ledger, and subtracted from the appropriation balance producing a declining unencumbered balance.

<b>FINDING NUMBER</b>	<b>1999-41058-002</b>
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**Noncompliance Citation and Reportable Condition**

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit shall make any expenditure from any fund in excess of amounts appropriated within that fund.

The Gasoline Tax Fund was found to have expenditures which exceeded appropriations in both 1999 and 1998 while the FEMA Fund was found to have expenditures which exceeded appropriations in 1998.

We recommend the Clerk and the Trustees monitor this budgetary activity closely in order to prevent expenditures from exceeding appropriations.





STATE OF OHIO  
OFFICE OF THE AUDITOR

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**MEIGSVILLE TOWNSHIP**

**MORGAN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 24, 2000**