



**Auditor of State  
Betty Montgomery**



**MEIGS TOWNSHIP  
MUSKINGUM COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Meigs Township  
Muskingum County  
11195 Drake Martin 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, 2003 and 2002. 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 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 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 Meigs Township, Muskingum County, as of December 31, 2003 and 2002, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2004, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Meigs Township  
Muskingum County  
Independent Accountants' Report  
Page 2

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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

November 2, 2004

**MEIGS TOWNSHIP  
MUSKINGUM COUNTY**

**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, 2003**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Fund</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$7,976	\$17,968	\$	\$25,944
Intergovernmental	17,506	74,674		92,180
Earnings on Investments	10	15	1	26
Other Revenue	4,239	1,408		5,647
	<u>29,731</u>	<u>94,065</u>	<u>1</u>	<u>123,797</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	23,084			23,084
Public Safety		5,665		5,665
Public Works	8,483	82,616		91,099
Health	2,075			2,075
	<u>33,642</u>	<u>88,281</u>	<u>0</u>	<u>121,923</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(3,911)	5,784	1	1,874
Fund Cash Balances, January 1	5,740	13,622	500	19,862
<b>Fund Cash Balances, December 31</b>	<u><u>\$1,829</u></u>	<u><u>\$19,406</u></u>	<u><u>\$501</u></u>	<u><u>\$21,736</u></u>

*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 AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Fiduciary Fund</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$8,093	\$18,204	\$	\$26,297
Intergovernmental	20,328	66,388		86,716
Earnings on Investments	103	119	5	227
Other Revenue	4,420	762		5,182
	<u>32,944</u>	<u>85,473</u>	<u>5</u>	<u>118,422</u>
<b>Cash Disbursements:</b>				
Current:				
General Government	25,815			25,815
Public Safety		5,731		5,731
Public Works	8,978	78,060		87,038
Health	2,167			2,167
Miscellaneous			5	5
	<u>36,960</u>	<u>83,791</u>	<u>5</u>	<u>120,756</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(4,016)	1,682	0	(2,334)
Fund Cash Balances, January 1	9,756	11,940	500	22,196
<b>Fund Cash Balances, December 31</b>	<b><u>\$5,740</u></b>	<b><u>\$13,622</u></b>	<b><u>\$500</u></b>	<b><u>\$19,862</u></b>

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



**MEIGS TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Meigs Township, Muskingum 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 and a publicly-elected Clerk. The Township provides road and bridge maintenance (public works) and cemetery maintenance (health). The Township contracts with M&M Fire Department for fire protection and ambulance services (public safety).

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. 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 prescribed or permitted by the Auditor of State.

**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 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:

*Gasoline Tax Fund* - This fund receives gasoline tax money for construction, maintenance and repair of Township roads.

*Motor Vehicle License Tax Fund* - This fund receives motor vehicle license tax money for construction, maintenance and repair of Township roads.

*Road and Bridge Fund* - This fund receives property tax money for construction, maintenance and repair of Township roads and bridges.

*Fire District Fund* - This fund receives property tax money to provide for fire protection.

**MEIGS TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

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

**C. Fund Accounting (Continued)**

**3. Fiduciary Fund**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain a corpus of the trust, the fund is classified as a non-expendable trust fund. The Township has established the Barton Alexander Non-Expendable Trust Fund.

**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. The Township did not encumber commitments as required by Ohio law.

A summary of 2003 and 2002 budgetary activity appears in Note 3.

**E. 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.

**MEIGS TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	2003	2002
Demand deposits	\$21,736	\$19,862

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2003 and 2002 follows:

2003 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$28,557	\$29,731	\$1,174
Special Revenue	87,290	94,065	6,775
Fiduciary	0	1	1
Total	\$115,847	\$123,797	\$7,950

2003 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$37,670	\$33,642	\$4,028
Special Revenue	98,502	88,281	10,221
Fiduciary	477	0	477
Total	\$136,649	\$121,923	\$14,726

2002 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$28,631	\$32,944	\$4,313
Special Revenue	88,361	85,473	(2,888)
Fiduciary	8	5	(3)
Total	\$117,000	\$118,422	\$1,422

**MEIGS TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$39,428	\$36,960	\$2,468
Special Revenue	100,136	83,791	16,345
Fiduciary	508	5	503
Total	\$140,072	\$120,756	\$19,316

**Accountability and Compliance:**

Contrary to Ohio law, the Township operated during 2003 with negative fund balances in the Road and Bridge Fund and Gasoline Tax Fund.

Also contrary to Ohio law, the fiscal officer's certification was not obtained prior to entering into any contract or ordering the expenditure of money.

**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.

**5. RETIREMENT SYSTEMS**

The Township's 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 2003 and 2002, PERS members 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, 2003.

**MEIGS TOWNSHIP  
MUSKINGUM COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

**6. RISK MANAGEMENT**

**Risk Pool Membership**

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). 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 Coverage

OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000 from the General Reinsurance Corporation.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000.

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss with an annual aggregate of \$1,250,000 for 2002. There is no aggregate for 2003 and future accident years. Beginning in 2003, OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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

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:

<u>Casualty Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$27,792,223	\$23,757,036
Liabilities	(11,791,300)	(9,197,512)
Retained earnings	<u>\$16,000,923</u>	<u>\$14,559,524</u>

MEIGS TOWNSHIP  
MUSKINGUM COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2003 AND 2002  
(Continued)

6. RISK MANAGEMENT (Continued)

Risk Pool Membership (Continued)

<u>Property Coverage</u>	<u>2003</u>	<u>2002</u>
Assets	\$6,791,060	\$6,596,996
Liabilities	<u>(750,956)</u>	<u>(1,204,326)</u>
Retained earnings	<u>\$6,040,104</u>	<u>\$5,392,670</u>



**Auditor of State  
Betty Montgomery**

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

Meigs Township  
Muskingum County  
11195 Drake Martin 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, 2003 and 2002, and have issued our report thereon dated November 2, 2004. 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.

**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 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2003-001 through 2003-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated November 2, 2004.

**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. The reportable conditions are described in the accompanying Schedule of Findings as items 2003-001 and 2003-003.

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. We consider the reportable condition listed above as item 2003-001 to be a material weakness. 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 November 2, 2004.

This report is intended solely 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

November 2, 2004



**MEIGS TOWNSHIP  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2003-001**

**Noncompliance Citation and Material Weakness**

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing authority from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. **"Then and Now" certificate** - If the fiscal officer (Clerk) can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority (Board of Township Trustees) can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$1,000 (which was increased to \$3,000 on April 7, 2003) may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.
2. **Blanket Certificate** – Fiscal officers may prepare "blanket" certificates not exceeding \$5,000 against any specific line item account over a period not exceeding three months or running beyond the current year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation. Effective September 26, 2003, certificates may not exceed an amount established by resolution or ordinance of the legislative authority, and cannot extend beyond the end of the fiscal year. Blanket certificates cannot be issued unless there has been an amount approved by the legislative authority for the blanket.
3. **Super Blanket Certificate** – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line-item appropriation.

The Township did not certify the availability of funds prior to purchase commitment for expenditures during either fiscal year. Although the Township issued "then and now" certifications for all expenditures, in certain instances there was insufficient cash in the treasury or in the process of collection and this practice allowed noncompliance with Ohio Rev. Code Section 5705.10 to occur.

**MEIGS TOWNSHIP  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2003-001 (Continued)**

**Noncompliance Citation and Material Weakness (Continued)**

**Ohio Rev. Code Section 5705.41(D)(1) (Continued)**

Prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend that the Clerk certify that the funds are or will be available prior to an obligation being incurred by the Township. In rare instances when prior certification is not possible, "then and now" certification may be used.

We recommend the Township certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include certification language Section 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of Section 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

**FINDING NUMBER 2003-002**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.10 states, in part, that money paid into a fund must be used for the purposes for which said fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

During the fiscal year ended December 31, 2003, we noted the following negative fund balances:

<u>Date</u>	<u>Fund</u>	<u>Balance</u>
February 28, 2003	Road and Bridge Fund	(\$329)
March 31, 2003	Road and Bridge Fund	(\$4,523)
April 30, 2003	Gasoline Tax Fund	(\$935)
May 31, 2003	Gasoline Tax Fund	(\$1,048)
June 30, 2003	Gasoline Tax Fund	(\$2,309)
July 31, 2003	Gasoline Tax Fund	(\$750)

We recommend the Township use money paid into a fund only for the allowed purposes of that fund.

**MEIGS TOWNSHIP  
MUSKINGUM COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2003 AND 2002  
(Continued)**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2003-003**

**Noncompliance Citation and Reportable Condition**

Ohio Rev. Code Section 505.24(C), provides, in part, that the amount of the annual salary approved by the board shall be no more than the maximum amount that could be received annually by a trustee if the trustee were paid on a per diem basis as specified in this division, and shall be paid only from the township general fund or from other township funds in proportions as the board may specify by resolution. The Township's resolution in effect for both 2002 and 2003 authorized the Trustees' annual salaries to be paid in the following proportions:

General Fund	25%
Motor Vehicle License Tax Fund	25%
Gasoline Tax Fund	50%

However, the Trustees' combined annual salaries and fringe benefits were paid in the following proportions:

2003		2002	
General Fund	15%	Motor Vehicle License Tax Fund	15%
Gasoline Tax Fund	78%	Gasoline Tax Fund	77%
Road and Bridge Fund	7%	Road and Bridge Fund	8%

There was no allocation of Trustees' salaries and fringe benefits to the General Fund for 2002, although administrative duties were performed by the Trustees. In addition, the allocation for both fiscal years did not agree to the resolution in effect for these periods.

After bringing this to the Township management's attention, the Board of Trustees passed a retroactive resolution on November 2, 2004 to authorize the allocation of salaries and fringe benefits as follows:

- 7% General Fund
- 7% Motor Vehicle License Tax Fund
- 78% Gasoline Tax Fund
- 8% Road and Bridge Fund.

This resulted in an adjustment, in the amount of \$2,400, against the General Fund and in favor of the Motor Vehicle License Tax Fund for the year ended December 31, 2002. This also resulted in an adjustment, in the amount of \$2,400, against the Motor Vehicle License Tax Fund and in favor of the General Fund for the year ended December 31, 2003. This amount reflects approximately 7% of the total compensation package paid to the Trustees by the Township for each fiscal year. As of the date of this report, Township management was in agreement with the aforementioned adjustments and these adjustments are reflected in the accompanying financial statements. These adjustments resulted in no overall change in fund cash balances as of December 31, 2003 to be posted to the Township's records.

We recommend the Township adopt a formal resolution at the organizational meeting each year addressing the allocation of total compensation. Each resolution should address the appropriate proportions and funds from which the salaries and fringe benefits are to be paid. Benefits, such as health insurance, vision insurance, dental insurance and the employer's portion of retirement and Medicare, should be paid out of the same funds and in the same proportions from which the salaries are paid.

**MEIGS TOWNSHIP  
MUSKINGUM COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2003 AND 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
2001-41060-001	Finding for Adjustment – Interest was not allocated to the Motor Vehicle License or Gasoline Tax Funds.	Yes	Corrected.
2001-41060-002	Ohio Rev. Code Section 5705.41(D) – Failure to certify funds.	No	Repeated as Finding 2003-001



**Auditor of State  
Betty Montgomery**

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**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  
DECEMBER 23, 2004**