



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

GUYAN TOWNSHIP
GALLIA COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Guyan Township
Gallia County
9084 State Route 218
Gallipolis, Ohio 45631

To the Board of Trustees:

We have audited the accompanying financial statements of Guyan Township, Gallia County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000. 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 and reserves for encumbrances of Guyan Township, Gallia County, as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As described in Note 9, the Township has been unable to pay certain debts when due, and has a General Fund cash deficit as of December 31, 2001.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2002, 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.

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". The signature is stylized with a large, looping initial "J" and a horizontal line extending to the right.

Jim Petro
Auditor of State

June 26, 2002

**GUYAN TOWNSHIP
GALLIA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$5,534	\$8,926	\$14,460
Intergovernmental	64,477	118,155	182,632
Interest	133	128	261
Other Revenue	10,084	4,410	14,494
	<u>80,228</u>	<u>131,619</u>	<u>211,847</u>
Cash Disbursements:			
Current:			
General Government	45,929		45,929
Public Safety		32,827	32,827
Public Works	934	135,392	136,326
Health	6,918		6,918
Debt Service:			
Redemption of Principal	28,811		28,811
Interest and Fiscal Charges	12,602		12,602
Capital Outlay		531	531
	<u>95,194</u>	<u>168,750</u>	<u>263,944</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>(14,966)</u>	<u>(37,131)</u>	<u>(52,097)</u>
Other Financing Sources/(Uses):			
Proceeds from Sale of Public Debt:			
Sale of Notes	12,000	20,000	32,000
Sale of Fixed Assets		8,825	8,825
Transfers-In		8,500	8,500
Transfers-Out	(8,500)		(8,500)
	<u>3,500</u>	<u>37,325</u>	<u>40,825</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	(11,466)	194	(11,272)
Fund Cash Balances, January 1	<u>11,306</u>	<u>5,741</u>	<u>17,047</u>
Fund Cash Balances, December 31	<u>(\$160)</u>	<u>\$5,935</u>	<u>\$5,775</u>
Reserve for Encumbrances, December 31	<u>\$467</u>	<u>\$3,724</u>	<u>\$4,191</u>

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

**GUYAN TOWNSHIP
GALLIA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$6,092	\$9,916	\$16,008
Intergovernmental	17,702	73,771	91,473
Interest	160	102	262
Other Revenue	205	4,974	5,179
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	24,159	88,763	112,922
Cash Disbursements:			
Current:			
General Government	52,395		52,395
Public Safety	20,390	19,546	39,936
Public Works	907	85,356	86,263
Health	10,619		10,619
Debt Service:			
Redemption of Principal	24,277		24,277
Interest and Fiscal Charges	5,832		5,832
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	114,420	104,902	219,322
Total Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>
	(90,261)	(16,139)	(106,400)
Other Financing Sources/(Uses):			
Proceeds from Sale of Public Debt:			
Sale of Notes	20,390		20,390
Sale of Fixed Assets	91,405	4,281	95,686
Transfers-In		13,000	13,000
Transfers-Out	(13,000)		(13,000)
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources/(Uses)	98,795	17,281	116,076
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	<hr/>	<hr/>	<hr/>
	8,534	1,142	9,676
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	2,772	4,599	7,371
Fund Cash Balances, December 31	<hr/> \$11,306	<hr/> \$5,741	<hr/> \$17,047
Reserve for Encumbrances, December 31	<hr/>	<hr/>	<hr/>
	\$7,935	\$1,910	\$9,845

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

**GUYAN TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Guyan Township, Gallia 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 general governmental services, including road and bridge maintenance (public works), cemetery maintenance (health), and fire protection (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. Cash and Investments

Certificate of deposit is valued at cost.

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 tax money for maintaining Township roads.

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

Fire Fund – This fund receives special levy tax money to pay for fire services and costs associated with fire services.

**GUYAN TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Revised Code requires that each 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. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered 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 carried over, and need not be reappropriated.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

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.

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 was as follows:

	<u>2001</u>	<u>2000</u>
Demand deposits	<u>\$5,775</u>	<u>\$17,047</u>

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

**GUYAN TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$85,954	\$92,228	\$6,274
Special Revenue	154,919	168,944	14,025
Total	\$240,873	\$261,172	\$20,299

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$24,400	\$104,161	(\$79,761)
Special Revenue	85,620	172,474	(86,854)
Total	\$110,020	\$276,635	(\$166,615)

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$125,949	\$135,954	\$10,005
Special Revenue	109,344	106,044	(3,300)
Total	\$235,293	\$241,998	\$6,705

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$23,000	\$135,355	(\$112,355)
Special Revenue	106,900	106,812	88
Total	\$129,900	\$242,167	(\$112,267)

Contrary to Ohio law, budgetary expenditures exceeded appropriations and all funds were not properly encumbered prior to incurring obligation.

**GUYAN TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

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 payment, 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. DEBT

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
<u>General Obligation Notes</u>		
Fire Truck	\$87,863	5.35%
Truck	13,282	6.50%
Equipment	8,157	5.75%
Operating Capital	20,000	5.00%
 Government Lease Purchase Agreement	 33,214	 5.75%
	<u>\$162,516</u>	

The general obligation notes were obtained for a fire truck, truck, equipment and operating capital. The Lease Purchase Agreement was for a grader for the maintenance of roads. The lease and notes were collateralized by the equipment purchased and the Township's taxing authority.

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

	General Obligation Notes	Government Lease Purchase Agreement
Year ending December 31:		
2002	\$46,030	\$11,766
2003	21,275	11,766
2004	19,279	13,254
2005	14,762	
2006	14,360	
2007 and after	39,420	
Total	<u>\$155,126</u>	<u>\$36,786</u>

**GUYAN TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

6. RETIREMENT SYSTEM

The Township's elected 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 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

7. RISK MANAGEMENT

Risk Pool Membership

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. 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 occurrence. Claims exceeding \$250,000 are reinsured with APEEP 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, which the General Reinsurance Corporation will reinsure.

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. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

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 government.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and report the following assets, liabilities and retained earnings at December 31, 2001 AND 2000 (the latest information available):

**GUYAN TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

7. RISK MANAGEMENT (Continued)

Financial Position (Continued)

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$23,703,776	\$22,684,383
Liabilities	<u>9,379,003</u>	<u>8,924,977</u>
Retained earnings	<u>\$14,324,773</u>	<u>\$13,759,406</u>
<u>Property Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$5,011,131	\$4,156,784
Liabilities	<u>647,667</u>	<u>497,831</u>
Retained earnings	<u>\$4,363,464</u>	<u>\$3,658,953</u>

8. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

9. FINANCIAL ISSUES

The Township was not able to fulfill debt payment requirements for the debt they have incurred. As of December 31, 2001, there was approximately \$1,574 in principal and interest that the Township could not pay. The Township also incurred a \$20,000 general operating loan in 2001 which is due quarterly but only two interest payments were made. The General Fund had a fund cash deficit of (\$160) as of December 31, 2001. There were several comments in the official minute record of the concern the officials have over the ability to pay its existing commitments. The Township may be facing a fiscal watch/fiscal emergency condition in fiscal year 2002.



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OFFICE OF THE AUDITOR

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

Guyan Township
Gallia County
9084 State Route 218
Gallipolis, Ohio 45631

To the Board of Trustees:

We have audited the accompanying financial statements of Guyan Township, Gallia County, Ohio (the Township), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated June 26, 2002, wherein we noted the Township was unable to pay certain debts when due and had a cash deficit in the General Fund as of December 31, 2001. 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 item numbers 2001-40727-001 through 2001-40727-003. We also noted immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated June 26, 2002.

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 a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. 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. A reportable condition is described in the accompanying Schedule of Findings as item 2001-40727-004.

Guyan Township
Gallia County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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 condition described above is 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 June 26, 2002.

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.



Jim Petro
Auditor of State

June 26, 2002

**GUYAN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2001-40727-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41 (D), provides 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 collection 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 the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, 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 can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

- B If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of Board.

Certification of funds was not completed at the time the commitment was incurred for 66% of the non-payroll disbursements tested in 2000, and 68% of the non-payroll disbursements tested in 2001. By not certifying funds prior to a purchase commitment, this may lead to the Township obligating money it does not have.

We recommend that no orders involving the expenditure of money be made unless the Clerk has certified that the amount required has been lawfully appropriated and is in the treasury or in the process of collection.

FINDING NUMBER 2001-40727-002

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) states that no subdivision is to expend money unless it has been appropriated.

Expenditures exceeded appropriations at the fund level on December 31, 2001 in the General Fund by \$79,761 (76%), in the Motor Vehicle License Fund by \$2,702 (18%), in the Gasoline Tax Fund by \$69,788 (56%), and in the Fire Fund by \$14,364 (44%). Expenditures exceeded appropriations at the fund level on December 31, 2000 in the General Fund by \$112,355 (83%), in the Motor Vehicle License Fund by \$4,365 (31%), and in the Fire Fund by \$819 (4%).

Expenditures exceeded appropriations at the legal level in several line items at December 31, 2001 in the General Fund- Other Expenses line item by \$64,541 (1,241%), the Motor Vehicle License Fund- Contracts line item by \$2,706 (68%), and the Gasoline Tax Fund- Other Expenses by \$10,206 (1,570%).

**GUYAN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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**FINDING NUMBER 2001-40727-002
(Continued)**

Noncompliance Citation – Ohio Rev. Code Section 5705.41(B) (Continued)

Expenditures exceeded appropriations at the legal level at December 31, 2000 in the General Fund- Other Expenses line item by \$68,343 (1,139%), and in the Salary-Clerk line item by \$577 (8%), in the Motor Vehicle License Tax Fund- Repairs and Maintenance line item by \$2,132 (71%), and in the Contracts line item by \$2,542 (64%), and in the Fire Fund- Operating Supplies line item by \$1,120.

We recommend the Township not expend money unless it has been appropriated. The Clerk must deny payment requests exceeding appropriations at the legal level of control. Approving these payments has lead to an inability to pay certain debts when due, and may place the Township in a fiscal watch or fiscal emergency condition.

FINDING NUMBER 2001-40727-003

Noncompliance Citation

Ohio Rev. Code Section 5705.10, prohibits using the cash of one fund to pay the obligations of another fund.

At December 31, 2001, the General Fund had a cash deficit of \$160. This means the General Fund has used cash from another fund to pay its obligations.

The Clerk should deny payment requests that will cause fund deficits.

FINDING NUMBER 2001-40727-004

Material Weakness

The budgetary requirements set forth in Chapter 5705 of the Ohio Revised Code comprise a set of controls designed to prevent deficits. Failing to comply with key requirements of this Chapter can cause financial distress, such as the Township is currently experiencing. To avoid these conditions, the Township should do the following:

1. Include realistic revenue projections when preparing the certificate of estimated resources.
2. Monitor actual revenue compared to the projected revenue. If revenue projections will not be met, obtain a reduced amended certificate of estimated resources.
3. Do not appropriate more than the certificate of estimated resources.
4. If revised revenue projections require reducing the certificate of estimated resources, reduce appropriations so they do not exceed the revised revenue estimate.
5. Deny payment requests that will exceed appropriations.
6. The Clerk should provide the Trustees with monthly statements of budget vs. actual receipts and disbursements for all funds. The Clerk and Trustees should use this information to monitor compliance with the budgetary requirements.
- 7.

**GUYAN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-40727-001	Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. Disbursements exceeded appropriation at the legal level of control, which is the fund, function, object level of control.	No	Not corrected, a noncompliance citation was issued through the same code section as finding No. 2001-40727-002.

**GUYAN TOWNSHIP
GALLIA COUNTY**

**CORRECTIVE ACTION PLAN
DECEMBER 31, 2001 AND 2000**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2001-40727-001	Clerk intends to begin certifying funds prior to incurring obligations.	December 31, 2002	Carolyn Halley, Clerk
2001-40727-002	Clerk intends to monitor appropriations vs. expenditures and amend appropriations as necessary.	December 31, 2002	Carolyn Halley, Clerk
2001-40727-003	Clerk intends to deny payment requests that would cause fund deficits.	December 31, 2002	Carolyn Halley, Clerk
2001-40727-004	The Township intends on following the budgetary requirements set forth in Chapter 5705.	December 31, 2002	Carolyn Halley, Clerk



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

GUYAN TOWNSHIP

GALLIA 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 8, 2002**