



**GUYAN TOWNSHIP
GALLIA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999 - 1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**GUYAN TOWNSHIP
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REPORT OF INDEPENDENT ACCOUNTANTS

Guyan Township
Gallia County
9084 SR 218
Gallipolis, OH 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, 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 and reserves for encumbrances of Guyan Township, Gallia 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 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

August 23, 2000

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Non Expendable Trust Fund</u>	
Cash Receipts:				
Local Taxes	\$5,650	\$10,058	\$	\$15,708
Intergovernmental	22,400	97,640		120,040
Earnings on Investments	135	166		301
Other Revenue	579	15,125		15,704
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	28,764	122,989		151,753
Cash Disbursements:				
Current:				
General Government	16,735			16,735
Public Safety		33,171		33,171
Public Works		101,173		101,173
Health	8,062		159	8,221
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	24,797	134,344	159	159,300
Excess of Cash Receipts Over/(Under) Cash Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	3,967	(11,355)	(159)	(7,547)
Other Financing Receipts/(Disbursements):				
Advances-In		6,000		6,000
Transfers-Out	(6,000)			(6,000)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(6,000)	6,000		
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	(2,033)	(5,355)	(159)	(7,547)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	4,805	9,954	159	14,918
Fund Cash Balances, December 31	<hr/> \$2,772	<hr/> \$4,599	<hr/> \$0	<hr/> \$7,371
Reserves for Encumbrances, December 31	<hr/> \$0	<hr/> \$0	<hr/> \$0	<hr/> \$0

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

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

	<u>Governmental Fund Types</u>			<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Non Expendable Trust Fund</u>	
Cash Receipts:				
Local Taxes	\$5,679	\$10,625	\$	\$16,304
Intergovernmental	15,553	123,609		139,162
Earnings on Investments	120	270		390
Other Revenue	2,250	33,445		35,695
Total Cash Receipts	<u>23,602</u>	<u>167,949</u>		<u>191,551</u>
Cash Disbursements:				
Current:				
General Government	15,744			15,744
Public Safety		18,345		18,345
Public Works	611	145,568		146,179
Health	3,945		250	4,195
Capital Outlay				0
Total Cash Disbursements	<u>20,300</u>	<u>163,913</u>	<u>250</u>	<u>184,463</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements	<u>3,302</u>	<u>4,036</u>	<u>(250)</u>	<u>7,088</u>
Other Financing Receipts/(Disbursements):				
Advances-In	1,000	1,000		2,000
Advances-Out	(1,000)	(1,000)		(2,000)
Total Other Financing Receipts/(Disbursements)	<u>0</u>	<u>0</u>		<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>3,302</u>	<u>4,036</u>	<u>(250)</u>	<u>7,088</u>
Fund Cash Balances, January 1	<u>1,504</u>	<u>5,916</u>	<u>409</u>	<u>7,829</u>
Fund Cash Balances, December 31	<u>\$4,806</u>	<u>\$9,952</u>	<u>\$159</u>	<u>\$14,917</u>
Reserves for Encumbrances, December 31	<u>\$538</u>	<u>\$1,348</u>	<u>\$0</u>	<u>\$1,886</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Guyan Township, Gallia County, Ohio, (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 maintenance of roads, fire protection and cemeteries.

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

The Township had one bank account during the period and cash amounts are valued at cost. The Township held no investments during the period.

D. 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 received gasoline tax money to construct, maintain and repair Township roads.

Special Levy Fire Fund - This fund received property tax monies to fund the Township Fire Department.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Fiduciary Funds

These funds are used to account for resources restricted by legally binding trust agreements. If the agreements require the Township to maintain the corpus of the trust the funds are classified as Nonexpendable Trust Funds. Other trust funds are classified as expendable. The Township had the following Fiduciary Fund:

Cemetery Trust Fund - A Nonexpendable Trust Fund was established for the maintenance and upkeep of the cemetery. There are no tax revenues for this fund.

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 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 1999 and 1998 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.

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

2. EQUITY IN POOLED CASH

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 at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand Deposits	<u>\$7,371</u>	<u>\$14,918</u>

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

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$28,941	\$28,764	(\$177)
Special Revenue	134,890	128,989	(5,901)
Expendable Trust	0	0	0
Total	\$163,831	\$157,753	(\$6,078)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$34,123	\$30,797	\$3,326
Special Revenue	99,780	134,344	(34,564)
Expendable Trust	159	159	0
Total	\$134,062	\$165,300	\$31,238

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$24,162	\$24,602	\$440
Special Revenue	171,096	168,949	(2,146)
Expendable Trust	0	0	0
Total	\$195,258	\$193,551	(\$1,707)

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

3. BUDGETARY ACTIVITY (Continued)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$19,382	\$21,838	(\$2,456)
Special Revenue	164,744	166,261	(1,517)
Expendable Trust	150	250	(100)
Total	\$184,276	\$188,349	(\$4,073)

The Township expended monies without the support of appropriations in several funds for both 1998 and 1999, contrary to provisions of Ohio Rev. Code § 5705.41(B).

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, 1999 was as follows:

	Principal	Interest Rate
Capital Lease - Grader	\$ 49,900	5.75%
General Obligation Note - Fire Truck	104,000	5.35%
General Obligation Note - Surplus State Equipment	8,750	6.00%
Total	\$162,650	

The State Surplus Equipment note originated in March 1998, for \$10,000 for 4 years with quarterly payments of \$1,250. The Fire Truck note originated in May 1999, for \$109,000 for ten years with annual payments of \$14,360. The Lease with Case Credit was for the lease purchase of a grader originating in March 1999 for four years with annual lease payments of \$11,766.

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

5. DEBT (Continued)

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

Year ending December 31:	Debt
2000	\$30,401
2001	26,126
2002	26,126
2003	26,126
2004	26,126
2004 and after	<u>71,800</u>
Total	<u><u>\$206,705</u></u>

6. RETIREMENT SYSTEM

The Township's employees, as well as the Clerk and Trustees, 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, 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, 1999.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Legal Liability
- Vehicles
- Wrongful Acts
- Property

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

Guyan Township
Gallia County
9084 SR 218
Gallipolis, OH 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, 1999 and 1998, and have issued our report thereon dated August 23, 2000. 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 an instances of noncompliance that are required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 1999-40727-001. We also noted certain immaterial instances on noncompliance that we have reported to the management of the Township in a separate letter dated August 23, 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. Our consideration of the internal controls over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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 misstatement in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. However, we 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 August 23, 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

August 23, 2000

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

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

FINDING NUMBER	1999-40727-001
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Ohio Rev. Code §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 in the following funds:

1998	1999
General Fund - \$2,474.31 - 13%	Gasoline Tax - \$11,813.65 - 20%
Other State Grants - \$4,551.00 - 100%	Special Levy Fire - \$4,653.36 - 16%
	Special - \$19,647.60 - 100%

We recommend the Board of Trustees not approve the expenditures of any Township funds that are not supported by appropriations.

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**GUYAN TOWNSHIP
CORRECTIVE ACTION PLAN
DECEMBER 31, 1999 AND 1998**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
1999-40727-001	The Board of Trustees will approve the expenditures of any Township funds that are not supported by appropriations.	August 30, 2000	Carolyn Holley Clerk



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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
SEPTEMBER 19, 2000