



Dave Yost • Auditor of State

GUYAN TOWNSHIP
GALLIA COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Guyan Township
Gallia County
10036 State Route 218
Crown City, Ohio 45623

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Guyan Township, Gallia County, Ohio (the Township), as of and for the years ended December 31, 2015 and 2014.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

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Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2015 and 2014, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Guyan Township, Gallia County, Ohio, as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit, described in Note 1.

Emphasis of Matter

As discussed in Note 8 to the financial statements, the Township restated the January 1, 2015 General Fund and Special Revenue Fund balances to record an audit adjustment not posted in previous years. Our opinion is not modified with respect to this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2016, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

December 22, 2016

**GUYAN TOWNSHIP
GALLIA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$18,232	\$5,449	\$0	\$23,681
Intergovernmental	24,157	101,955	0	126,112
Earnings on Investments	14	12	0	26
<i>Total Cash Receipts</i>	<u>42,403</u>	<u>107,416</u>	<u>0</u>	<u>149,819</u>
Cash Disbursements				
Current:				
General Government	16,749	10,044	0	26,793
Public Safety	92	0	0	92
Public Works	163	143,136	0	143,299
Health	183	0	0	183
Debt Service:				
Principal Retirement	0	1,990	0	1,990
<i>Total Cash Disbursements</i>	<u>17,187</u>	<u>155,170</u>	<u>0</u>	<u>172,357</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>25,216</u>	<u>(47,754)</u>	<u>0</u>	<u>(22,538)</u>
Other Financing Receipts (Disbursements)				
Other Financing Sources	40	2,990	0	3,030
<i>Total Other Financing Receipts (Disbursements)</i>	<u>40</u>	<u>2,990</u>	<u>0</u>	<u>3,030</u>
<i>Net Change in Fund Cash Balances</i>	25,256	(44,764)	0	(19,508)
<i>Fund Cash Balances, January 1 (Restated - See Note 8)</i>	<u>(8,841)</u>	<u>63,156</u>	<u>2,016</u>	<u>56,331</u>
Fund Cash Balances, December 31				
Nonspendable	0	0	2,000	2,000
Restricted	0	18,392	16	18,408
Assigned	7,999	0	0	7,999
Unassigned (Deficit)	8,416	0	0	8,416
<i>Fund Cash Balances, December 31</i>	<u>\$16,415</u>	<u>\$18,392</u>	<u>\$2,016</u>	<u>\$36,823</u>

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

**GUYAN TOWNSHIP
GALLIA COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	General	Special Revenue	Permanent	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$17,561	\$5,418	\$0	\$22,979
Intergovernmental	17,399	186,444	0	203,843
Earnings on Investments	7	16	2	25
Miscellaneous	0	36	0	36
<i>Total Cash Receipts</i>	<u>34,967</u>	<u>191,914</u>	<u>2</u>	<u>226,883</u>
Cash Disbursements				
Current:				
General Government	24,999	4,238	0	29,237
Public Safety	394	0	0	394
Public Works	695	164,483	0	165,178
Debt Service:				
Principal Retirement	0	2,985	0	2,985
<i>Total Cash Disbursements</i>	<u>26,088</u>	<u>171,706</u>	<u>0</u>	<u>197,794</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>8,879</u>	<u>20,208</u>	<u>2</u>	<u>29,089</u>
Other Financing Receipts (Disbursements)				
Other Financing Sources	36	5,860	0	5,896
Other Financing Uses	0	(5,860)	0	(5,860)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>36</u>	<u>0</u>	<u>0</u>	<u>36</u>
<i>Net Change in Fund Cash Balances</i>	8,915	20,208	2	29,125
<i>Fund Cash Balances, January 1</i>	<u>2,040</u>	<u>23,152</u>	<u>2,014</u>	<u>27,206</u>
Fund Cash Balances, December 31				
Nonspendable	0	0	2,000	2,000
Restricted	0	43,360	16	43,376
Unassigned (Deficit)	10,955	0	0	10,955
<i>Fund Cash Balances, December 31</i>	<u>\$10,955</u>	<u>\$43,360</u>	<u>\$2,016</u>	<u>\$56,331</u>

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

**GUYAN TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Guyan Township, Gallia County (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance and cemetery maintenance. The Township formed the District Two Joint Fire District (the District) with Ohio Township in 2003. The District is directed by an appointed five-member Board of Trustees. One member is a Trustee appointed by Guyan Township, one Board member is a Trustee appointed by Ohio Township, and three Board members are firemen. The District provides fire protection and rescue services within the District and by contact to areas outside the District.

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

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

C. Deposits and Investments

All cash assets of the Township are maintained in an interest bearing checking account.

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 accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Fund:

**GUYAN TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

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

3. Permanent Funds

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs (for the benefit of the government or its citizenry). The Township had the following significant Permanent Fund:

Stewart Chapel Cemetery Bequest Fund - This fund received monies from a bequest where the income is used for the care, maintenance, and beautification of the cemetery.

Bethel Cemetery Bequest Fund - This fund received monies from a bequest where the income is used for the care, maintenance, and beautification 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. 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 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 all commitments required by Ohio law. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2015 and 2014 budgetary activity appears in Note 3.

**GUYAN TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Fund Balance

Fund balance is divided into four classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

4. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

G. Property, Plant, and Equipment

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

**GUYAN TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

2. EQUITY IN POOLED DEPOSITS

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

	2015	2014
Demand deposits	\$36,823	\$56,331

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$44,098	\$42,443	(\$1,655)
Special Revenue	124,497	110,406	(14,091)
Permanent	0	0	0
Total	\$168,595	\$152,849	(\$15,746)

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$33,626	\$17,187	\$16,439
Special Revenue	155,280	155,170	110
Permanent	0	0	0
Total	\$188,907	\$172,357	\$16,550

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$29,801	\$35,003	\$5,202
Special Revenue	207,683	197,774	(9,909)
Permanent	0	2	2
Total	\$237,484	\$232,779	(\$4,705)

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$33,889	\$26,088	\$7,801
Special Revenue	193,518	177,566	15,952
Permanent	0	0	0
Total	\$227,407	\$203,654	\$23,753

**GUYAN TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

4. PROPERTY TAX

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

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, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Loan	\$10,946	0%

The Township obtained a no interest loan from the Ohio Public Works Commission (OPWC) for the matching share of an OPWC grant for a slip repair in the amount of \$15,921 in 2013. The Township pays \$1,990 per year. The full faith and credit of the Township is pleaded to repay this debt.

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

Year ending December 31:	OPWC
2016	\$1,990
2017	1,990
2018	1,990
2019	1,990
2020	1,990
2021	995
Total	<u><u>\$10,946</u></u>

6. RETIREMENT SYSTEMS

The Township's Fiscal Officer, one Trustee, and part-time employee belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2015.

Two Trustees have elected to participate in Social Security.

**GUYAN TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

7. RISK MANAGEMENT

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2015, OTARMA retained \$350,000 for casualty claims and \$250,000 for property claims.

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

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, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Assets	\$37,313,311	\$35,970,263
Liabilities	8,418,518	8,912,432
Net Position	\$28,894,793	\$27,057,831

At December 31, 2015 and 2014, respectively, the liabilities above include approximately \$7.8 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.7 and \$7.2 million of unpaid claims to be billed to approximately 989 members and 957 member governments in the future, as of December 31, 2015 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2015, the Township's share of these unpaid claims collectible in future years is approximately \$3,000.

**GUYAN TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

7. RISK MANAGEMENT

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

<u>Contributions to OTARMA</u>	
<u>2015</u>	<u>2014</u>
\$5,439	\$4,608

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

8. RESTATEMENT OF PRIOR YEAR BALANCES

The Township had a Finding for Adjustment noted in the 2010-2011 and the 2012-2013 audit reports for incorrectly allocating Trustees' salaries. The Township posted this adjustment during 2015 to the January 1, 2015 beginning balances. That adjustment had the following effect:

	General Fund	Special Revenue
Reported Fund Balance at December 31, 2014	\$10,955	\$43,360
Prior year errors	(19,796)	19,796
Restated Fund Balance at January 1, 2015	(\$8,841)	\$63,156

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Dave Yost • Auditor of State

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

Guyan Township
Gallia County
10036 State Route 218
Crown City, Ohio 45631

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Guyan Township, Gallia County, Ohio (the Township), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, and have issued our report thereon dated December 22, 2016, wherein we noted the Township followed financial reporting provisions Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. We consider findings 2015-002, 2015-005, and 2015-006 described in the accompanying Schedule of Findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2015-004 described in the accompanying Schedule of Findings to be a significant deficiency.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2015-001 through 2015-003.

Entity's Response to Findings

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

December 22, 2016

**GUYAN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

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

FINDING NUMBER 2015-001

Noncompliance/Finding for Recovery-Partially Repaid

State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951) provides that expenditures made by a governmental unit should serve a public purpose. Typically, the determination of what constitutes a “proper public purpose” rests with the judgment of the governmental entity, unless such determination is arbitrary or unreasonable. Even if a purchase is reasonable, Ohio Attorney General Opinion 82-006 indicates that it must be memorialize by a duly enacted ordinance or resolution and may have a prospective effect only. Auditor of State Bulletin 2003-005 Expenditure of Public Funds/Proper “Public Purpose” states that the Auditor of State’s Office will only question expenditures where the legislative determination of a public purpose is manifestly arbitrary and incorrect.

Additionally, most governmental entities have the authority to provide cell phones for use by authorized employees. The use of these items should be specified in a policy the government’s legislative body adopts. These policies should, at a minimum, identify authorized users, guidelines for allowable use/purchases, method of reimbursement (if personal use is allowed), specific unallowable uses, reporting, monitoring of use by appropriate levels of management, and other guidelines the legislative body deems appropriate. Employers should have a policy prohibiting any more than a de minimus personal use of government-owned cell phones.

The Board of Trustees approved the reimbursement of Trustee Roger Watson's cell phone bill since he was to use the phone for taking pictures of roads and projects to be sent to other agencies for financial assistance. After the first two months, the Township began paying Verizon directly for Trustee Roger Watson's cell phone bill. In each instance, Trustee Watson provided only page 1 and page 2 of the cell phone bills to the Township for payment. These pages included only plan total charges and did not provide details as to what the charges were for. Additionally, it was noted the phone bills were in the name of Cindy Hager and not Roger Watson.

Full Verizon bills for the account including Roger Watson's phone number were obtained from Verizon. The full Verizon bills showed there were three phone numbers on the account, one being Roger Watson's phone number and two others. All phone numbers on the account were in the name of Cindy Hager. The amounts paid by the Township included payment for all three numbers on the account as the Township had paid the bills in full as follows:

2014				Charges for		Amount paid by	
Checks	Check			Roger Watson's		Twp in Excess of	
Payable to	Check #	Check Date	Amount	Fund	Bill Date	Phone Line	Watson's charges
Roger Watson	4359	2/3/2014	\$ 204.58	2021	12/22-1/21	\$ 44.98	\$ 159.60
Roger Watson	4397	3/7/2014	204.58	2231	1/22-2/21	51.62	152.96
Verizon	4421	4/8/2014	215.96	2021	2/22-3/21	47.18	168.78
Verizon	4469	6/4/2014	419.26	2231	3/22-5/21	89.94	329.32
Verizon	4498	7/9/2014	218.21	2021	5/22-6/21	58.27	159.94
Verizon	4521	8/11/2014	218.15	2021	6/22-7/21	47.17	170.98
Verizon	4542	9/8/2014	229.13	2021	7/22-8/21	58.21	170.92
Verizon	4559	10/6/2014	220.83	2021	8/22-9/21	58.42	162.41
Verizon	4582	11/11/2014	220.86	2011	9/22-10/21	58.43	162.43
Verizon	4602	12/11/2014	207.53	2011	10/22-11/21	47.33	160.20
						<u>\$</u>	<u>1,797.54</u>

**GUYAN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

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

FINDING NUMBER 2015-001 (Continued)

Noncompliance/Finding for Recovery-Partially Repaid – State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951) (Continued)

2015			Check			Charges for	Amount paid by	
Checks	Payable to	Check #	Check Date	Amount	Fund	Bill Date	Roger Watson's	Twp in Excess of
							Phone Line	Watson's charges
Verizon		4625	1/22/2015	\$ 205.30	2021	11/22-12/21	\$ 45.10	\$ 160.20
Verizon		4644	2/10/2015	216.82	2021	12/22-1/21	54.13	162.69
Verizon		4667	3/12/2015	214.61	2021	1/22-2/21	51.92	162.69
Verizon		4688	4/5/2015	214.61	2021	2/22-3/21	47.46	167.15
Verizon		4713	5/13/2015	225.78	2021	3/22-4/21	51.93	173.85
Verizon		4742	6/10/2015	214.63	2021	4/22-5/21	54.15	160.48
Verizon		4768	7/12/2015	228.00	2021	5/22-6/21	65.29	162.71
Verizon		4790	8/6/2015	228.00	2021	6/22-7/21	97.10	130.90
Verizon		4816	9/10/2015	197.18	2021	7/22-8/21	56.41	140.77
Verizon		4839	10/6/2015	175.78	2021	8/22-9/21	52.91	122.87
Verizon		4866	11/8/2015	209.78	2021	9/22-10/21	44.58	165.20
							\$	1,709.51

The Township paid Roger Watson for the cell phone reimbursements twice in 2014 and then made eight direct payments to Verizon. In 2015, eleven direct payments to Verizon were made by the Township. As such, Roger Watson received the benefit of the Township reimbursing him for the full bill rather than just his portion of the bill for the first two payments. Cindy Hager received the benefit for the remaining 8 payments in 2014 and 11 payments in 2015 since it was her bill the Township paid directly to Verizon.

This resulted in Trustee Roger Watson being overpaid for cell phone reimbursements in the amount of \$311 in 2014 and Cindy Hager was overpaid \$1,484 (payments made by the Township on behalf of Cindy Hager directly to Verizon). During 2015, Cindy Hager was overpaid \$1,709 (payments made by the Township on behalf of Cindy Hager directly to Verizon). Cindy Hager was overpaid a total of \$3,193.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for monies illegally expended is hereby issued against Trustee Roger Watson and his bonding company, the Ohio Township Association Risk Management Authority, in the amount of \$159 in favor of the Guyan Township's Gasoline Tax Fund and \$152 in favor of the Guyan Township's Permissive Motor Vehicle License Fund for a total of \$311.

In accordance with the forgoing facts, and pursuant to Ohio Revised Code § 117.28, a Finding for Recovery for monies illegally expended is hereby issued against Cindy Hager in the amount of \$322 in favor of the Guyan Township's Motor Vehicle License Fund, \$2,542 in favor of Guyan Township's Gasoline Tax Fund, and \$329 in favor of Guyan Township's Permissive Motor Vehicle License Fund for a total of \$3,193.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.* (1929), 120 Ohio St. 47; 1980 Op. Att'y Gen. No. 80-074; Ohio Rev. Code § 9.39; *State, ex. Rel. Village of Linndale v. Masten* (1985), 18 Ohio St.3d 228.

**GUYAN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-001 (Continued)

Noncompliance/Finding for Recovery-Partially Repaid – *State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951)* (Continued)

Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Att’y Gen. No. 80-074.

Fiscal Officer Wendy Halley approved two monthly payments for cell phone reimbursements to Roger Watson and one payment to Verizon for Roger Watson's cell phone bill. Accordingly, Wendy Halley and her bonding company, Travelers Casualty and Surety Company of America, will be jointly and severally liable in the amount of \$328 in favor of the Guyan Township's Gasoline Tax Fund and \$152 in favor of the Guyan Township's Permissive Motor Vehicle License Fund for a total of \$480, to the extent that recovery is not obtained from Roger Watson or Cindy Hager.

Fiscal Officer Debra O'Dell approved monthly payments to Verizon for Roger Watson's cell phone bills. Accordingly, Debra O'Dell and her bonding company, Travelers Casualty and Surety Company of America, will be jointly and severally liable in the amount of \$322 in favor of the Guyan Township's Motor Vehicle License Fund, \$2,373 in favor of the Guyan Township's Gasoline Tax Fund, and \$329 in favor of the Guyan Township's Permissive Motor Vehicle License Fund for a total of \$3,024, to the extent that recovery is not obtained from Roger Watson or Cindy Hager.

Trustee Roger Watson approved monthly payments to Verizon for his cell phone bills. Since those bills were in the name of Cindy Hager, who is primarily responsible for the overpayment, Roger Watson and his bonding company, the Ohio Township Association Risk Management Authority, will be jointly and severally liable in the amount of \$322 in favor of the Guyan Township's Motor Vehicle License Fund and \$1,883 in favor of the Guyan Township's Gasoline Tax Fund for a total of \$2,205, to the extent that recovery is not obtained from Cindy Hager.

Trustee Paul Rossiter approved one monthly payment for cell phone reimbursement to Roger Watson and other payments to Verizon for Roger Watson's cell phone bills. Accordingly, Paul Rossiter and his bonding company, the Ohio Township Association Risk Management Authority, will be jointly and severally liable in the amount of \$1,813 in favor of the Guyan Township's Gasoline Tax Fund and \$329 in favor of the Guyan Township's Permissive Motor Vehicle License Fund for a total of \$2,142, to the extent that recovery is not obtained from Roger Watson or Cindy Hager.

Trustee Terry O'Dell approved two monthly payments for cell phone reimbursement to Roger Watson and other payments to Verizon for Roger Watson's cell phone bills. Accordingly, Terry O'Dell and his bonding company, the Ohio Township Association Risk Management Authority, will be jointly and severally liable in the amount of \$322 in favor of the Guyan Township's Motor Vehicle License Fund, \$823 in favor of the Guyan Township's Gasoline Tax Fund, and \$482 in favor of the Guyan Township's Permissive Motor Vehicle License Fund for a total of \$1,627, to the extent that recovery is not obtained from Roger Watson or Cindy Hager.

Trustee Cody Boothe approved monthly payments to Verizon for Roger Watson's cell phone bills. Accordingly, Cody Boothe and his bonding company, the Ohio Township Association Risk Management Authority, will be jointly and severally liable in the amount of \$1,375 in favor of the Guyan Township's Gasoline Tax Fund, to the extent that recovery is not obtained from Cindy Hager.

**GUYAN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

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

FINDING NUMBER 2015-001 (Continued)

Noncompliance/Finding for Recovery-Partially Repaid – *State ex rel. McClure v. Hagerman, 155 Ohio St. 320 (1951)* (Continued)

Mr. Roger Watson repaid the \$311 he was primarily liable for and the \$2,205 he was secondarily liable for on December 15, 2016 on receipt #58-2016. The amount was repaid back into the Guyan Township Motor Vehicle License Fund in the amount of \$322, the Gasoline Tax Fund in the amount of \$2,042 and the Permissive Motor Vehicle License Fund in the amount of \$152 for a total of \$2,516.

After the repayment noted above, Cindy Hager is primarily liable for the remaining \$988. Fiscal Officer Debra O’Dell and Trustee Paul Rossiter are secondarily liable for the full \$988 while Trustee Terry O’Dell is secondarily liable for \$660 and Trustee Cody Boothe is secondarily liable for \$328.

Officials’ Response: The Township was misled by Mr. Roger Watson. The Township is no longer using cell phones.

FINDING NUMBER 2015-002

Noncompliance/Material Weakness

Ohio Rev. Code § 5705.40 provides, in part, that a subdivision may amend or supplement its appropriation measure provided the entity complies with the same provisions of law as are used in making the original appropriation. In addition, Ohio courts have held that a board or officer whose judgment and discretion is required, was chosen because they were deemed fit and competent to exercise that judgment and discretion and unless power to substitute another in their place has been given, such board or officer cannot delegate these duties to another.

Following such reasoning, a township board of trustees would be prohibited from delegating duties statutorily assigned to it, such as the duty of amending appropriations. See *C.B. Transportation, Inc. v. Butler County Board of Mental Retardation*, 60 Ohio Misc. 71, 397 N.E.2d 781 (C.P. 1979); *Burkholder v. Lauber*, 6 Ohio Misc. 152, 216 N.E.2d (C.P. 1965).

At the January organizational meeting each year, the Board of Trustees approved the annual appropriation measure and delegated authority to the Fiscal Office to make supplemental appropriations, as needed. At December 31, 2014, appropriations as approved by the Board of Trustees did not agree to the Township’s accounting system. The variance is as follows:

Fund	Appropriations filed with the County Auditor	Appropriations per the UAN system	Variance
General	\$32,566	\$30,392	(\$2,174)
Gasoline Tax Fund	125,435	115,637	(9,798)

An adjustment was made to the budgetary activity reported in Note 3 to the financial statements in order to accurately present appropriations approved by the Board of Trustees.

**GUYAN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-002 (Continued)

Noncompliance/Material Weakness – Ohio Rev. Code § 5705.40 (Continued)

The Board of Trustees should approve all appropriation amendments, record approval in the Board minutes, and file all appropriation amendments with the County Auditor in order to receive confirmation from the County Auditor that appropriations do not exceed estimated resources. The Fiscal Officer should only post legislatively approved amendments.

Officials' Response: The Trustees give authority to the Fiscal Officer at the beginning of the year to do supplemental amendments and certifications.

FINDING NUMBER 2015-003

Noncompliance

Ohio Rev. Code § 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the 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. The certificate need be signed only by the subdivision's Fiscal Officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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 §§ 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" certificate - If the Fiscal Officer 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 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 \$3,000 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 taxing authority.
2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal 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.

**GUYAN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-003 (Continued)

Noncompliance – Ohio Rev. Code § 5705.41(D) (Continued)

3. Super Blanket Certificate – The entity 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.

At December 31, 2014, the Township had \$10,000 not properly encumbered.

Unless the exceptions noted above are used, 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 Fiscal Officer certify that the funds are or will be available prior to an obligation being incurred by the Township. When prior certification is not possible, "then and now" certification should be used.

The Board of Trustees should obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certification language § 5705.41(D) requires authorizing disbursements. The Fiscal Officer should sign the certification at the time the Township incurs a commitment, and only when the requirements of § 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.

Officials' Response: In the future, if this occurs the proper then and now purchase orders will be used.

FINDING NUMBER 2015-004

Significant Deficiency

The Township should maintain an accounting system and accounting records sufficient to enable the Township to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements.

The following items were noted during testing for vouchers and receipts during 2014:

- 25% of disbursements tested did not agree to supporting documentation
- Of the 25%, 8% did not have invoices at all for supporting documentation and the remaining 17% were missing some invoices or the amount paid did not agree to invoices maintained.

This could result in unauthorized purchases, or incorrect or duplicate payments.

The Township should establish control procedures that would allow them to determine the completeness and existence of receipts and expenditures and require all supporting documentation to be maintained in order for the Township to ensure that all receipts and disbursements are accurate and appropriate.

**GUYAN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-004

Significant Deficiency (Continued)

Officials' Response: This happened before the present fiscal officer took office and now the Township Fiscal Officer pays by invoice only.

FINDING NUMBER 2015-005

Material Weakness

Sound financial reporting is the responsibility of the Fiscal Officer and Board of Trustees and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

As a result of the audit procedures performed, the following errors were noted in the financial statements that required audit adjustment or reclassification:

2015

- Statement No. 54 of the Governmental Accounting Standards Board (GASB) defines the reporting of fund balances on the financial statements and was codified as follows: GASB Cod. 1800.176 require reporting amounts as assigned when subsequent appropriations exceed estimated receipts. The Township incorrectly reported \$7,999 of the General Fund December 31, 2015 fund balance as unassigned instead of assigned;
- The Township incorrectly posted Gallia County Commission disbursement of \$4,000 on behalf of the Township in the General Fund as intergovernmental receipts and other financing uses instead of in the Gasoline Tax Fund as intergovernmental receipts and public works disbursements;
- The Township incorrectly posted disbursements in the General Fund totaling \$2,709 as public works instead of general government;
- The Township incorrectly reported \$2,000 of the Permanent Fund December 31, 2015 fund balance as restricted instead of nonspendable.
- The Township incorrectly posted disbursements in the Gas Tax Fund totaling \$10,160 as public works instead of being posted to the Special Revenue FEMA fund as public works.

2014

- The Township incorrectly posted disbursements for the financial audit in the General Fund totaling \$4,404 as health instead of general government;
- The Township did not post the Gallia County Commission disbursement of \$4,000 on behalf of the Township in the Gasoline Tax Fund as intergovernmental receipts and public works disbursements;
- The Township incorrectly posted various disbursements in the General Fund totaling \$3,704 as public works instead of general government;
- The Township incorrectly posted OPWC grant receipts in the General Fund totaling \$2,575 as intergovernmental receipts instead of \$756 in the MVL Fund as intergovernmental receipts and \$1,819 in the Gasoline Tax Fund as intergovernmental receipts;
- The Township incorrectly posted \$7,178 of Federal Emergency Management Assistance intergovernmental receipts and public works disbursements in the Capital Projects Miscellaneous Fund as miscellaneous receipts and other financing uses instead of in the Special Revenue FEMA Fund;

**GUYAN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-005 (Continued)

Material Weakness (Continued)

- The Township did not post the Gallia County Commission Community Development Block Grant disbursement of \$40,000 on behalf of the Township in the Gasoline Tax Fund as intergovernmental receipts and public works disbursements;
- The Township incorrectly posted a disbursement to Southeastern Equipment in the Gasoline Tax Fund totaling \$7,478 as other financing uses instead of public works;
- The Township incorrectly reported \$2,000 of the Permanent Fund December 31, 2015 fund balance as restricted instead of nonspendable.
- The Township incorrectly posted \$11,356 of Federal Emergency Management Assistance receipts to the Gas Tax fund as intergovernmental receipts instead of in the Special Revenue FEMA fund as intergovernmental receipts;
- The Township incorrectly posted \$5,860 of Federal Emergency Management Assistant disbursements in the Special Revenue FEMA fund as other financing uses instead of transfer out;The Township incorrectly posted \$5,860 of Federal Emergency Management Assistance receipts in the Gas Tax fund as intergovernmental receipts instead of transfer In;
- The Township incorrectly posted \$1,196 of Federal Emergency Management Assistance disbursements in the Gas Tax fund as human services instead of Special Revenue FEMA fund as public works.

The audited financial statements and Township accounting system reflect the above adjustments.

To ensure the Township's financial statements and notes to the financial statements are complete and accurate, the Fiscal Officer should review the Township Manual for guidance on the correct line item to post various receipts and expenditures of the Township. The Fiscal Officer should also review Auditor of State Bulletin 2011-004 for Statement No. 54 of the Governmental Accounting Standards Board (GASB) for proper reporting of fund balances on the financial statements [see GASB Cod. 1800.165].

Officials' Response: In the future, starting in 2017, the Township Fiscal Officer will see that the receipts and disbursements will be posted to the correct line item codes.

FINDING NUMBER 2015-006

Material Weakness

All local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

At December 31, 2014, estimated receipts as approved by the Budget Commission did not agree to the Township's accounting system. The variances and funds are as follows:

**GUYAN TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014
(Continued)**

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

FINDING NUMBER 2015-006 (Continued)

Material Weakness (Continued)

<u>Fund</u>	<u>Estimated Receipts filed with the County</u>	<u>Estimated Receipts per the UAN</u>	<u>Variance</u>
General	\$29,801	\$29,674	(\$127)
Motor Vehicle Licenses	9,000	9,641	641
Gasoline Tax	118,851	99,425	(19,426)
FEMA	17,338	7,178	(10,160)
OPWC	17,495	0	(17,495)

At December 31, 2015, estimated receipts as approved by the Budget Commission did not agree to the Township's accounting system. The variances and funds are as follows:

<u>Fund</u>	<u>Estimated Receipts filed with the County</u>	<u>Estimated Receipts per the UAN</u>	<u>Variance</u>
Gasoline Tax	109,796	90,000	(19,796)

Due to budgetary information being improperly entered into the system, the management of the Township lost some degree of budgetary control. An adjustment was made in the budgetary activity reported in Note 3 to the financial statements in order to accurately present estimated receipts as approved by the Budget Commission.

The Fiscal Officer should accurately post estimated receipts as certified by the County Budget Commission. This procedure will help ensure more useful comparisons of budget versus actual activity, as well as provide management with an accurate monitoring tool throughout the year.

Officials' Response: In the future, the Township Fiscal Officer will give utmost attention to the budgetary process.

**GUYAN TOWNHSIP
GALLIA COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015 AND 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Material Weakness: Errors noted in the financial statements that required audit adjustments or reclassifications.	No	Not Corrected Reissued as Finding Number 2015-005.
2013-002	Material Weakness: Support not provided for Receipts and Vouchers.	No	Not Corrected Reissued as Finding Number 2015-004.
2013-003	Noncompliance: 26 U.S.C. §3401, §3402, §3403, §3404, §3405, and §3102(a) withholding and remit federal income taxes.	Yes	
2013-004	Noncompliance: Ohio Rev. Code § 5705.41(D)(1) certifying the availability of funds.	No	Not Corrected Reissued as Finding Number 2015-003.
2011-01	Finding for Adjustment: Ohio Rev. Code § 505.24(C) payroll allocation.	Yes	Corrected – adjustment made in 2015.



Dave Yost • Auditor of State

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
JANUARY 12, 2017**