

**GUILFORD TOWNSHIP
MEDINA COUNTY, OHIO**

**FOR THE YEARS ENDED
DECEMBER 31, 2000 AND 1999**



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street, 1st Floor
Columbus, Ohio 43215
Telephone 614-466-4514
800-282-0370
Facsimile 614-728-7398

Board of Trustees
Guilford Township
Medina County, Ohio

We have reviewed the Independent Auditor's Report of Guilford Township, Medina County, prepared by Rea & Associates, Inc., for the audit period January 1, 1999 to December 31, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Guilford Township is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

June 28, 2001

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**GUILFORD TOWNSHIP
MEDINA COUNTY, OHIO**

**FOR THE YEARS ENDED
DECEMBER 31, 2000 AND 1999**

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

May 4, 2001

Board of Trustees
Guilford Township
Medina County, Ohio

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of Guilford Township, Medina County, as of and for the years ended December 31, 2000 and 1999, as listed in the table of contents. These financial statements are the responsibility of the Guilford 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 the 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 described in Note 1, the Township, prepares its financial statements on the basis of accounting prescribed 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 cash balances of Guilford Township, Medina County, as of December 31, 2000 and 1999, and the revenues it received and expenditures it paid for the years then ended, on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 4, 2001 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 the trustees, management and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Rea & Associates, Inc.

**GUILFORD TOWNSHIP
MEDINA COUNTY, OHIO**

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

Governmental Fund Types				Total
	General	Special Revenue	Capital Projects	(Memorandum Only)
CASH RECEIPTS:				
Taxes	\$ 36,510	\$ 492,843	\$ 0	\$ 529,353
Licenses, Permits, and Fees	5,970	0	0	5,970
Fines and Forfeitures	75	0	0	75
Intergovernmental Receipts	125,037	99,787	0	224,824
Interest	55,301	2,980	0	58,281
All Other Revenue	6,293	24,913	0	31,206
Total Cash Receipts	<u>229,186</u>	<u>620,523</u>	<u>0</u>	<u>849,709</u>
CASH DISBURSEMENTS:				
General Government	109,662	0	0	109,662
Public Safety	0	284,708	0	284,708
Public Works	0	213,226	0	213,226
Health	0	12,345	0	12,345
Capital Outlay	40,127	22,065	49,495	111,687
Total Cash Disbursements	<u>149,789</u>	<u>532,344</u>	<u>49,495</u>	<u>731,628</u>
Total Receipts Over (Under) Disbursements	79,397	88,179	(49,495)	118,081
OTHER FINANCING SOURCES (USES):				
Operating Transfers - In	0	10,000	0	10,000
Operating Transfers - Out	(10,000)	0	0	(10,000)
Total Other Financing Sources (Uses)	<u>(10,000)</u>	<u>10,000</u>	<u>0</u>	<u>0</u>
Total of Receipts and Other Sources Over (Under Disbursements and Other Financing Uses)	69,397	98,179	(49,495)	118,081
Fund cash balances, beginning of year	<u>377,418</u>	<u>432,093</u>	<u>50,122</u>	<u>859,633</u>
Fund cash balances, end of year	<u>\$ 446,815</u>	<u>\$ 530,272</u>	<u>\$ 627</u>	<u>\$ 977,714</u>

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

**GUILFORD TOWNSHIP
MEDINA COUNTY, OHIO**

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

Governmental Fund Types				
	General	Special Revenue	Capital Projects	Total (Memorandum Only)
CASH RECEIPTS:				
Taxes	\$ 32,542	\$ 451,258	\$ 0	\$ 483,800
Licenses, Permits, and Fees	5,970	0	0	5,970
Fines and Forfeitures	10	0	0	10
Intergovernmental Receipts	150,925	102,064	50,122	303,111
Interest	34,828	2,404	0	37,232
All Other Revenue	52	8,198	0	8,250
Total Cash Receipts	224,327	563,924	50,122	838,373
CASH DISBURSEMENTS:				
General Government	88,063	0	0	88,063
Public Safety	0	264,414	0	264,414
Public Works	41,070	202,425	0	243,495
Health	0	9,902	0	9,902
Capital Outlay	79,222	73,556	0	152,778
Total Cash Disbursements	208,355	550,297	0	758,652
Total Receipts Over (Under) Disbursements	15,972	13,627	50,122	79,721
OTHER FINANCING SOURCES (USES):				
Operating Transfers - In	0	0	0	0
Operating Transfers - Out	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Total of Receipts and Other Sources Over (Under Disbursements and Other Financing Uses)	15,972	13,627	50,122	79,721
Fund cash balances, beginning of year	361,446	418,466	0	779,912
Fund cash balances, end of year	\$ 377,418	\$ 432,093	\$ 50,122	\$ 859,633

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

**GUILFORD TOWNSHIP
MEDINA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2000 AND 1999**

NOTE 1: Summary of Significant Accounting Policies

A. Description of the Entity

The Township of Guilford, Medina County, is a body politic and corporate 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, road maintenance, and police services. The Township contracts with the Medina County Sheriff's department to provide security of persons and property. Fire and emergency medical services are provided by the Seville-Guilford Fire District, a separate legal entity. Cemetery service is provided by Mound Hill Union Cemetery, a separate legal entity, jointly governed with the Village of Seville.

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

All funds of the Township were held in demand deposits and investments in STAROhio. The investment in STAROhio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

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:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**GUILFORD TOWNSHIP
MEDINA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2000 AND 1999**

NOTE 1: Summary of Significant Accounting Policies (continued)

D. Fund Accounting (continued)

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 state motor vehicle license tax money for the construction, repair, and maintenance of township roads and bridges.

Gasoline Tax Fund - This fund receives gasoline tax money for the construction, repair and maintenance of township roads and bridges.

Road and Bridges Funds – This fund receives real estate, tangible personal property taxes and Homestead and Rollback state distribution money for constructing, maintaining, and repairing Township roads.

Emergency Medical Service Fund – This fund receives monies from a special joint levy with the Village of Seville to provide emergency medical services through the Seville-Guilford Fire District.

Capital Project Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Issue II Public Works Fund was the only Capital Projects Fund of the Township. This fund receives monies from State Issue II grants for infrastructure, construction, and repairs.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

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.

**GUILFORD TOWNSHIP
MEDINA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2000 AND 1999**

NOTE 1: Summary of Significant Accounting Policies (continued)

E. Budgetary Process (continued)

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.

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements (capital outlays) when paid. These items are not reflected as assets in the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

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

NOTE 2: Equity in Pooled Cash

The Township maintains a cash and investment 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>2000</u>	<u>1999</u>
Demand deposits	\$ 97,803	\$ 83,796
STAROhio	<u>958,911</u>	<u>775,837</u>
Total deposits	<u>\$ 977,714</u>	<u>\$ 859,633</u>

Deposits

Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the securities specifically pledged by the financial institution to the Township.

**GUILFORD TOWNSHIP
MEDINA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2000 AND 1999**

NOTE 2: Equity in Pooled Cash (continued)

Investments

Investments in STAROhio are not evidenced by securities that exist in physical or book-entry form.

NOTE 3: Budgetary Activity

Budgetary activity for the years ended December 31, 2000 and 1999 was as follows:

	Budgeted vs. Actual Receipts					
	2000			1999		
	Budgeted Receipts	Actual Receipts	Variance	Budgeted Receipts	Actual Receipts	Variance
General	\$ 137,366	\$ 229,186	\$ 91,820	\$ 132,428	\$ 224,327	\$ 91,899
Special Revenue	575,720	630,523	54,803	533,635	563,924	30,289
Capital Projects	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>50,122</u>	<u>50,122</u>
Total	<u>\$ 713,086</u>	<u>\$ 859,709</u>	<u>\$ 146,623</u>	<u>\$ 666,063</u>	<u>\$ 838,373</u>	<u>\$ 172,310</u>

	Budgeted vs. Actual Expenditures					
	2000			1999		
	Appropriation Authority	Actual Expenditures	Variance	Appropriation Authority	Actual Expenditures	Variance
General	\$ 514,783	\$ 159,889	\$ 354,894	\$ 285,073	\$ 208,355	\$ 76,718
Special Revenue	1,004,812	532,344	472,468	527,932	550,297	(22,365)
Capital Projects	<u>50,122</u>	<u>49,495</u>	<u>627</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	<u>\$ 1,569,717</u>	<u>\$ 741,728</u>	<u>\$ 827,989</u>	<u>\$ 813,005</u>	<u>\$ 758,652</u>	<u>\$ 54,353</u>

NOTE 4: Property Tax

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property taxes 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.

**GUILFORD TOWNSHIP
MEDINA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2000 AND 1999**

NOTE 5: Retirements Systems

The Township's full-time 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 health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code. The Public Employee Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-PERS (7377).

The Retirement Board instituted a temporary employer contribution rate rollback for calendar year 2000. The rate rollback was 20% for state and local government divisions. For local government employer units, the 2000 contribution rate was 10.84% of covered payroll.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000 and 1999, 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, 2000.

NOTE 6: Risk Management

The Township is a member of the Ohio Township Association Risk Management Authority (OTARMA). OTARMA is a consortium of townships that purchases reinsurance through commercial insurance companies. The Township does not assume the risk of loss beyond its deductible amount up to the limits of the Township's policy. The following risks are covered by OTARMA:

- Comprehensive liability and casualty
- Vehicle
- Public Officials Liability

**GUILFORD TOWNSHIP
MEDINA COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2000 AND 1999**

NOTE 7: Jointly Governed Organizations

Mound Hill Cemetery is a separate legal entity governed by the Township and the Village of Seville. Each governing entity separately appoints one representative to the Cemetery Board and jointly appoints a third member who serves as the treasurer for the Cemetery. The Township contributes .1 mill of its inside millage to the Cemetery.

The Seville-Guilford Fire District is a separate legal entity with its own governing board. The Township does not appoint the governing board, but does own the building housing the Fire District, and who pays the volunteer fire personnel through a joint tax levy (2.5 mills) with the Village of Seville. The Village of Seville pays EMS personnel.

The financial statements of Guilford Township do not include the financial activity of the Mound Hill Union Cemetery or the Seville-Guilford Fire District.

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

May 4, 2001

The Board of Trustees
Guilford Township
Medina County, Ohio

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of Guilford Township, Medina County, as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated May 4, 2001. We have conducted our audit in accordance with generally accepted auditing standards and 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 Guilford Township 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of Guilford Township in a separate letter dated May 4, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Guilford 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 control 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 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weakness. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Guilford Township in a separate letter dated May 4, 1999.

This report is intended solely for the information and use of the trustees, management, and others within the organization, and is not intended to be and should not be used by anyone other than these specified parties.

Rea & Associates, Inc.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

GUILFORD TOWNSHIP

MEDINA 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
JULY 17, 2001**