

**GUILFORD TOWNSHIP
MEDINA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

Long, Cook & Samsa, Inc.
CERTIFIED PUBLIC ACCOUNTANTS



**Auditor of State
Betty Montgomery**

Board of Trustees
Guilford Township, Medina County
9422 Guilford Rd.
Seville, OH 44273

We have reviewed the *Independent Accountants' Report* of Guilford Township, Medina County, prepared by Long, Cook & Samsa, Inc., for the audit period January 1, 2003 through December 31, 2004. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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, Medina County is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

December 22, 2005

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**GUILFORD TOWNSHIP
MEDINA COUNTY**

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Long, Cook & Samsa, Inc.

Certified Public Accountants/Consultants

INDEPENDENT ACCOUNTANTS' REPORT

Guilford Township
Medina County
9422 Guilford Road
Seville, OH 44273

To the Board of Trustees:

We have audited the accompanying financial statements of Guilford Township, Medina County, Ohio, (the Township) as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

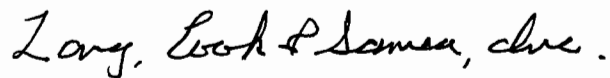
Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity-wide statements and also presenting its larger (i.e. major) funds separately for 2004. While the Township does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2004, or its changes in financial position for the years then ended.

Also, 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 Guilford Township, Medina County, as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the year ended December 31, 2004. The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2005, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Long, Cook & Samsa, Inc." followed by a period.

Long, Cook & Samsa, Inc.
November 9, 2005

**GUILFORD TOWNSHIP
MEDINA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$44,143	\$627,067		\$671,210
Intergovernmental	177,524	192,724		370,248
Charges for Services		84,162		84,162
Licenses, Permits and Fees	8,773			8,773
Earnings on Investments	14,948	1,808	\$917	17,673
Other	1,321	25,192		26,513
	<u>246,709</u>	<u>930,953</u>	<u>917</u>	<u>1,178,579</u>
Cash Disbursements:				
Current:				
General Government	135,296			135,296
Public Safety	73,362	202,773		276,135
Public Works		246,546		246,546
Health		12,441		12,441
Capital Outlay	3,576	367,532	118,618	489,726
	<u>212,234</u>	<u>829,292</u>	<u>118,618</u>	<u>1,160,144</u>
Total Cash Receipts Over/(Under) Cash Disbursements	34,475	101,661	(117,701)	18,435
Other Financing Receipts/(Disbursements):				
Proceeds from Ohio Township Association Lease/Purchase Agreement			520,000	520,000
Transfers-In		6,550		6,550
Transfers-Out	(6,550)			(6,550)
	<u>(6,550)</u>	<u>6,550</u>	<u>520,000</u>	<u>520,000</u>
Total Other Financing Receipts/(Disbursements)	(6,550)	6,550	520,000	520,000
Net Receipts Over Disbursements	27,925	108,211	402,299	538,435
Fund Cash Balances, January 1	437,314	700,269	0	1,137,583
Fund Cash Balances, December 31	<u>\$465,239</u>	<u>\$808,480</u>	<u>\$402,299</u>	<u>\$1,676,018</u>
Reserve for Encumbrances, December 31	<u>\$1,911</u>	<u>\$548,310</u>	<u>\$0</u>	<u>\$550,221</u>

See accountants' report and accompanying notes to the financial statements.

**GUILFORD TOWNSHIP
MEDINA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Local Taxes	\$42,367	\$605,649		\$648,016
Intergovernmental	84,991	207,365		292,356
Charges for Services	90	54,857		54,947
Licenses, Permits and Fees	5,724			5,724
Earnings on Investments	13,527	1,239		14,766
Other	680	3,186		3,866
	<u>147,379</u>	<u>872,296</u>		<u>1,019,675</u>
Total Cash Receipts				
	147,379	872,296		1,019,675
Cash Disbursements:				
Current:				
General Government	129,906			129,906
Public Safety	8,111	356,069		364,180
Public Works		220,490		220,490
Health		13,172		13,172
Capital Outlay	13,105	418,728	\$627	432,460
	<u>151,122</u>	<u>1,008,459</u>	<u>627</u>	<u>1,160,208</u>
Total Cash Disbursements				
	151,122	1,008,459	627	1,160,208
Total Cash Receipts Under Cash Disbursements	(3,743)	(136,163)	(627)	(140,533)
Other Financing Receipts/(Disbursements):				
Transfers-In		6,196		6,196
Transfers-Out	(6,196)			(6,196)
	<u>(6,196)</u>	<u>6,196</u>		<u></u>
Total Other Financing Receipts/(Disbursements)				
	(6,196)	6,196		
Net Receipts Under Disbursements	(9,939)	(129,967)	(627)	(140,533)
Fund Cash Balances, January 1	<u>447,253</u>	<u>830,236</u>	<u>627</u>	<u>1,278,116</u>
Fund Cash Balances, December 31	<u><u>\$437,314</u></u>	<u><u>\$700,269</u></u>	<u><u>\$0</u></u>	<u><u>\$1,137,583</u></u>
Reserve for Encumbrances, December 31	<u><u>\$3,384</u></u>	<u><u>\$9,744</u></u>	<u><u>\$0</u></u>	<u><u>\$13,128</u></u>

See accountants' report and accompanying notes to the financial statements.

**GUILFORD TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Guilford Township, Medina 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 road, bridge, and cemetery maintenance, police protection, fire protection and emergency medical services. The Township contracts with the Medina County Sheriff's Department to provide security of persons and property. Cemetery service is provided by Mound Hill Union Cemetery, a separate legal entity, jointly governed with the Village of Seville.

Effective May 1, 2004, the Township assumed operating responsibility for fire, ambulance and emergency medical services of the Seville-Guilford Fire and EMS Department. Prior to May 1, 2004, the Township operated the fire service only.

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

Investments are recorded as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

STAR Ohio is recorded at share value 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:

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.

**GUILFORD TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

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 Fund:

Road and Bridge Fund – This fund receives property tax money for constructing, maintaining and repairing Township roads and bridges.

Road District Fund – This fund receives property tax money for maintaining and repairing Township roads.

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

Fire District Fund – This fund receives property tax money for fire apparatus, buildings, and operating fire services within the Township.

Ambulance and Emergency Medical Services Fund – This fund receives property tax money for ambulance and emergency medical services within the Township.

Ambulance and Emergency Medical Services Fund II – This fund receives charges collected for ambulance and emergency medical services and is used to pay for the costs of operating the ambulance and emergency medical services.

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project fund:

Miscellaneous Capital Projects – This fund received the proceeds from the Ohio Township Association Lease Purchase Agreement for improvements and new construction at the building used by the Seville-Guilford Fire and EMS Department.

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 object level which is the Township's legal 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**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. The Township did not encumber all commitments required by Ohio law. Management has included audit adjustments in the financial statements and accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances such as upon leaving employment. Unpaid vacation and sick leave is not reflected as a liability under the Township's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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:

	2004	2003
Demand deposits	\$408,968	\$1,251
STAR Ohio	1,267,050	1,136,332
Total deposits and investments	\$1,676,018	\$1,137,583

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by the financial institution's public entity deposit pool.

Investments: Investments in STAR Ohio are not evidenced by securities that exist in physical or book entry form.

**GUILFORD TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2004 and 2003, follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$141,320	\$246,709	\$105,389
Special Revenue	765,083	937,503	172,420
Capital Projects	520,917	520,917	-
Total	<u>\$1,427,320</u>	<u>\$1,705,129</u>	<u>\$277,809</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$572,780	\$220,695	\$352,085
Special Revenue	1,435,699	1,377,602	58,097
Capital Projects	-	118,618	(118,618)
Total	<u>\$2,008,479</u>	<u>\$1,716,915</u>	<u>\$291,564</u>

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$147,587	\$147,379	(\$208)
Special Revenue	817,173	878,492	61,319
Total	<u>\$964,760</u>	<u>\$1,025,871</u>	<u>\$61,111</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$575,550	\$160,702	\$414,848
Special Revenue	1,547,654	1,018,203	529,451
Capital Projects	627	627	-
Total	<u>\$2,123,831</u>	<u>\$1,179,532</u>	<u>\$944,299</u>

**GUILFORD TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

4. PROPERTY TAX

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

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. DEBT

Debt outstanding at December 31, 2004, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Township Association Lease/Purchase Agreement	\$520,000	2.75% - 4.50%

The Township entered into a \$520,000 lease/purchase agreement with Ohio Township Association in accordance with Sec. 505.267 of the Ohio Revised Code. This agreement was to provide funds for renovation and new construction at the fire station. The Township will pay the Bank of New York semi-annual rent payments for eleven years, starting in May 2005 and ending with the final payment on November 15, 2015. The total semi-annual rent payments including principal and interest will be \$671,150. As stated in the lease/purchase agreement, the Township may fully execute the terms of the agreement at any time by paying off the remaining payments in a lump sum. Upon fully executing the terms of the lease/purchase agreement the Township will assume ownership of the new construction.

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

<u>Year ending December 31,</u>	<u>Ohio Township Lease/Purchase Agreement</u>
2005	\$61,640
2006	60,542
2007	59,340
2008	62,940
2009	61,185
2010 - 2015	365,503
Total	\$671,150

**GUILFORD TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

6. RETIREMENT SYSTEMS

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS 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. OPERS member employees contributed 8.5% of their gross salaries for 2004 and 2003. The Township contributed an amount equal to 13.55% of participants' gross salaries through December 31, 2004. The Township has paid all contributions required through December 31, 2004.

7. RISK MANAGEMENT

Risk Pool Management

The Government belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio local governments. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

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

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

Property Coverage

OTARMA retains property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsures losses exceeding \$100,000 up to \$500,000,000 per occurrence. APEEP's Guarantee Fund pays losses and loss adjustment expenses exceeding operating contributions.

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

**GUILFORD TOWNSHIP
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

7. RISK MANAGEMENT (Continued)

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, 2004 and 2003 (the latest information available):

	2004	2003
<u>Casualty Coverage</u>		
Assets	\$30,687,203	\$27,792,223
Liabilities	(13,640,962)	(11,791,300)
Retained earnings	\$17,046,241	\$16,000,923
 <u>Property Coverage</u>		
Assets	\$7,799,073	\$6,791,060
Liabilities	(753,906)	(750,956)
Retained earnings	\$7,045,167	\$6,040,104

8. JOINTLY GOVERNED ORGANIZATIONS

Mound Hill Union 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 0.1 mill of its millage to the Cemetery. The financial statements of Guilford Township do not include the financial activity of the Mound Hill Union Cemetery.

Long, Cook & Samsa, Inc.

Certified Public Accountants/Consultants

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

Guilford Township
Medina County
9422 Guilford Road
Seville, Ohio 44273

To the Board of Trustees:

We have audited the financial statements of Guilford Township, Medina County, Ohio, (the Township) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated November 9, 2005, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

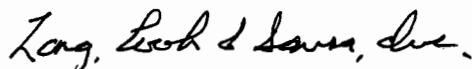
Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Township's management dated November 9, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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, providing an opinion 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 two instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2004-001 and 2004-002.

We intend this report solely for the information and use of management and Board of Trustees. It is not intended for anyone other than these specified parties.



Long, Cook & Samsa, Inc.
November 9, 2005

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

FINDING NUMBER 2004-001

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing unit from expending money unless it has been appropriated.

Actual disbursements exceeded appropriations for the year ended December 31, 2004, for the Miscellaneous Capital Projects Fund: there were no appropriations but there were actual expenditures of \$118,618.

The Township Clerk should not certify the availability of funds and should deny payment requests exceeding appropriations. The Township Clerk may request the Board of Trustees to approve increased expenditure levels by amending estimated resources and increasing appropriations, if necessary.

The instance described above is related to the Ohio Township Association Lease/Purchase Agreement described in Note 5 to the financial statements. Even though this is a new program the Township Trustees and Clerk should make certain that all funds are appropriated before disbursements are authorized.

FINDING NUMBER 2004-002

Noncompliance Citation

Ohio Rev. Code Sections 153.65 – 153.71 establish procedures to be followed by public authorities when procuring professional design services. The Township should publicly announce the contract, evaluate the statements of qualification submitted by professional design firms, discuss the project with the firms, rank the firms, and then negotiate a contract at a fair and reasonable cost with the firm ranked most qualified to perform the required services.

The Board of Trustees entered into a contract in 2003 with a local architectural firm for architectural, plumbing, mechanical, and electrical drawings and for other professional services. The Township did not advertise the contract and did not follow the other prescribed procedures. We recommend that, in the future, the Township comply with the Ohio Revised Code when contracting for professional design services.



**Auditor of State
Betty Montgomery**

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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
DECEMBER 30, 2005**