

---

*ALGER & ASSOCIATES, LLC*



---

GUILFORD TOWNSHIP  
MEDINA COUNTY, OHIO

**REGULAR AUDIT**

AAA

FOR THE YEAR ENDED  
DECEMBER 31, 2010 & 2009





# Dave Yost • Auditor of State

Board of Trustees  
Guilford Township  
9422 Guilford Road  
Seville, Ohio 44273

We have reviewed the *Independent Accountants' Report* of Guilford Township, Medina County, prepared by Alger and Associates, LLC, for the audit period January 1, 2009 through December 31, 2010. 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 is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

August 3, 2011



**GUILFORD TOWNSHIP  
MEDINA COUNTY**

**TABLE OF CONTENTS**

| <b>TITLE</b>  | <b>PAGE</b> |
|---|-------------|
| Independent Accountants' Report .....   | 1           |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in<br>Fund Cash Balances - All Governmental Fund Types -<br>For the Year Ended December 31, 2010 .....   | 3           |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in<br>Fund Cash Balances - All Governmental Fund Types -<br>For the Year Ended December 31, 2009 .....   | 4           |
| Notes to the Financial Statements .....   | 5           |
| Independent Accountants' Report on Internal Control Over<br>Financial Reporting and on Compliance and Other Matters<br>Required by <i>Government Auditing Standards</i> ..... | 15          |

**This page intentionally left blank.**



# ALGER & ASSOCIATES, LLC

Certified Public Accountants

---

## INDEPENDENT ACCOUNTANTS' REPORT

Board of Trustees  
Guilford Township  
9422 Guilford Road  
Seville, Ohio 44273

To the Board of Trustees:

We have audited the accompanying financial statements of Guilford Township, Medina County, (the Township) as of and for the years ended December 31, 2010 and 2009. 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 the 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 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. 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 years ended December 31, 2010 and 2009 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, 2010 and 2009, 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, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 26, 2011, 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.

**Alger & Associates, LLC**  
July 26, 2011



**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, 2010**

|   | Governmental Fund Types |                    |                     | Totals             |
|---|-------------------------|--------------------|---------------------|--------------------|
|   | General                 | Special<br>Revenue | Capital<br>Projects | (Memorandum Only)  |
| <b>Cash Receipts:</b>   |                         |                    |                     |                    |
| Property and Other Local Taxes  | \$51,090                | \$735,974          | \$0                 | \$787,064          |
| Charges for Services  | 0                       | 98,608             | 0                   | 98,608             |
| Licenses, Permits, and Fees   | 5,078                   | 0                  | 0                   | 5,078              |
| Intergovernmental   | 80,867                  | 254,255            | 8,550               | 343,672            |
| Earnings on Investments   | 1,676                   | 351                | 2                   | 2,029              |
| Miscellaneous   | 35,507                  | 4,232              | 0                   | 39,739             |
| <b>Total Cash Receipts</b>  | <b>174,218</b>          | <b>1,093,420</b>   | <b>8,552</b>        | <b>1,276,190</b>   |
| <b>Cash Disbursements:</b>  |                         |                    |                     |                    |
| Current:  |                         |                    |                     |                    |
| General Government  | 139,152                 | 0                  | 0                   | 139,152            |
| Public Safety   | 2,064                   | 491,622            | 0                   | 493,686            |
| Public Works  | 0                       | 222,628            | 0                   | 222,628            |
| Health  | 0                       | 20,122             | 0                   | 20,122             |
| Capital Outlay  | 26,441                  | 203,581            | 8,550               | 238,572            |
| <b>Total Cash Disbursements</b>   | <b>167,657</b>          | <b>937,953</b>     | <b>8,550</b>        | <b>1,114,160</b>   |
| <b>Total Receipts Over/(Under) Disbursements</b>  | <b>6,561</b>            | <b>155,467</b>     | <b>2</b>            | <b>162,030</b>     |
| <b>Other Financing Receipts/(Disbursements):</b>  |                         |                    |                     |                    |
| Transfers-In  | 0                       | 238                | 0                   | 238                |
| Transfers-Out   | (238)                   | 0                  | 0                   | (238)              |
| <b>Total Other Financing Receipts/(Disbursements)</b>   | <b>(238)</b>            | <b>238</b>         | <b>0</b>            | <b>0</b>           |
| <b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements And Other Financing Disbursements</b> | <b>6,323</b>            | <b>155,704</b>     | <b>2</b>            | <b>162,030</b>     |
| <b>Fund Cash Balance, January 1</b>   | <b>356,017</b>          | <b>1,311,460</b>   | <b>0</b>            | <b>1,667,477</b>   |
| <b>Fund Cash Balance, December 31</b>   | <b>\$362,340</b>        | <b>\$1,467,164</b> | <b>\$2</b>          | <b>\$1,829,506</b> |
| <b>Reserve for Encumbrances, December 31</b>  | <b>\$0</b>              | <b>\$95,645</b>    | <b>\$0</b>          | <b>\$95,645</b>    |

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

**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, 2009**

|  | Governmental Fund Types |                    |                     | Totals             |
|--|-------------------------|--------------------|---------------------|--------------------|
|  | General                 | Special<br>Revenue | Capital<br>Projects | (Memorandum Only)  |
| <b>Cash Receipts:</b>  |                         |                    |                     |                    |
| Property and Other Local Taxes   | \$54,235                | \$780,764          | \$0                 | \$834,999          |
| Charges for Services   | 0                       | 117,718            | 0                   | 117,718            |
| Licenses, Permits, and Fees  | 2,802                   | 0                  | 0                   | 2,802              |
| Fines and Forfeitures  | 0                       | 300                | 0                   | 300                |
| Intergovernmental  | 109,875                 | 229,479            | 58,689              | 398,043            |
| Earnings on Investments  | 3,649                   | 879                | 0                   | 4,528              |
| Miscellaneous  | 1,046                   | 46,379             | 0                   | 47,425             |
| <b>Total Cash Receipts</b>   | <b>171,608</b>          | <b>1,175,519</b>   | <b>58,689</b>       | <b>1,405,816</b>   |
| <b>Cash Disbursements:</b>   |                         |                    |                     |                    |
| Current:   |                         |                    |                     |                    |
| General Government   | 139,056                 | 0                  | 0                   | 139,056            |
| Public Safety  | 2,784                   | 509,876            | 0                   | 512,660            |
| Public Works   | 0                       | 288,445            | 0                   | 288,445            |
| Health   | 0                       | 17,320             | 0                   | 17,320             |
| Capital Outlay   | 13,942                  | 278,542            | 58,689              | 351,173            |
| <b>Total Cash Disbursements</b>  | <b>155,782</b>          | <b>1,094,183</b>   | <b>58,689</b>       | <b>1,308,654</b>   |
| Total Receipts Over/(Under) Disbursements  | 15,826                  | 81,336             | 0                   | 97,162             |
| <b>Other Financing Receipts/(Disbursements):</b>   |                         |                    |                     |                    |
| Transfers-In   | 0                       | 1,626              | 0                   | 1,626              |
| Transfers-Out  | (1,626)                 | 0                  | 0                   | (1,626)            |
| <b>Total Other Financing Receipts/(Disbursements)</b>  | <b>(1,626)</b>          | <b>1,626</b>       | <b>0</b>            | <b>0</b>           |
| Excess of Cash Receipts and Other Financing<br>Receipts Over/(Under) Cash Disbursements<br>And Other Financing Disbursements | 14,200                  | 82,962             | 0                   | 97,162             |
| Fund Cash Balance, January 1   | 341,817                 | 1,228,498          | 0                   | 1,570,315          |
| <b>Fund Cash Balance, December 31</b>  | <b>\$356,017</b>        | <b>\$1,311,460</b> | <b>\$0</b>          | <b>\$1,667,477</b> |
| Reserve for Encumbrances, December 31  | \$0                     | \$1,204            | \$0                 | \$1,204            |

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

**GUILFORD TOWNSHIP  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009**

**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 the Guilford Township, Medina 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, 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.

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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township 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 Auditor of State prescribes or permits.

**C. Deposits and Investments**

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale 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:

**GUILFORD TOWNSHIP  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

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, building, 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 has the following significant capital project funds:

Miscellaneous Capital Projects - This fund receives proceeds for improvements and new construction of buildings

**GUILFORD TOWNSHIP  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**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. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

**F. 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.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**GUILFORD TOWNSHIP  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**2. Equity in Pooled Deposits and Investments**

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

|                                | 2010        | 2009        |
|--------------------------------|-------------|-------------|
| Demand deposits                | \$96,337    | \$97,232    |
| STAR Ohio                      | 1,733,169   | 1,570,245   |
| Total deposits and investments | \$1,829,506 | \$1,667,477 |

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

**Investments:** Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts

|                  | Budgeted<br>Receipts | Actual<br>Receipts | Variance  |
|------------------|----------------------|--------------------|-----------|
| General          | \$120,849            | \$174,218          | \$53,369  |
| Special Revenue  | 1,018,767            | 1,093,658          | 74,891    |
| Capital Projects | 8,550                | 8,552              | 2         |
| Total            | \$1,148,166          | \$1,276,428        | \$128,262 |

2010 Budgeted vs. Actual Budgetary Basis Expenditures

|                  | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance    |
|------------------|----------------------------|---------------------------|-------------|
| General          | \$4,579,000                | \$167,895                 | \$4,411,105 |
| Special Revenue  | 2,130,825                  | 1,033,598                 | 1,097,227   |
| Capital Projects | 0                          | 8,550                     | (8,550)     |
| Total            | \$6,709,825                | \$1,210,043               | \$5,499,782 |

**GUILFORD TOWNSHIP  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**3. Budgetary Activity – (continued)**

| 2009 Budgeted vs. Actual Receipts |                      |                    |           |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type                         | Budgeted<br>Receipts | Actual<br>Receipts | Variance  |
| General                           | \$143,180            | \$171,608          | \$28,428  |
| Special Revenue                   | 993,330              | 1,177,145          | 183,815   |
| Capital Projects                  | 58,689               | 58,689             | 0         |
| Total                             | \$1,195,199          | \$1,407,442        | \$212,243 |

| 2009 Budgeted vs. Actual Budgetary Basis Expenditures |                            |                           |             |
|---|----------------------------|---------------------------|-------------|
| Fund Type   | Appropriation<br>Authority | Budgetary<br>Expenditures | Variance    |
| General   | \$451,050                  | \$157,408                 | \$293,642   |
| Special Revenue                                       | 2,122,415                  | 1,095,387                 | 1,027,028   |
| Capital Projects                                      | 58,689                     | 58,689                    | 0           |
| Total   | \$2,632,154                | \$1,311,484               | \$1,320,670 |

**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.

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.

**GUILFORD TOWNSHIP  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**5. Debt**

Debt outstanding at December 31, 2010 was as follows:

|  | <u>Principal</u> | <u>Interest Rate</u> |
|--|------------------|----------------------|
| Ohio Township Association Lease Purchase Agreement | \$265,000        | 2.75 - 4.50%         |
| Leasing 2 Inc, Fire Truck Lease Purchase Agreement | 88,587           | 4.86%                |
| Total  | <u>\$353,587</u> |                      |

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. The 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 rent payment 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.

The Township obtained a lease/purchase agreement with Leasing 2 Inc. during 2009 on a Fire truck. The total payment with interest at 4.86% was \$278,678. These payments are made through the 2111 Fire fund and 2282 Ambulance fund. The fiscal officer makes early payments. The 2011 payment has been made and the final payment is not due until January 15, 2012.

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

| Years ending<br>December 31: | <b>Ohio Township Lease/Purchase</b> |                 |                |                  |
|------------------------------|-------------------------------------|-----------------|----------------|------------------|
|                              | <u>Principal</u>                    | <u>Interest</u> | <u>Fees</u>    | <u>Total</u>     |
| 2011                         | \$50,000                            | \$11,675        | \$1,000        | \$62,675         |
| 2012                         | 50,000                              | 9,550           | 1,000          | \$60,550         |
| 2013                         | 55,000                              | 7,425           | 1,000          | \$63,425         |
| 2014                         | 55,000                              | 4,950           | 1,000          | \$60,950         |
| 2015                         | 55,000                              | 2,475           | 1,000          | \$58,475         |
| Total                        | <u>\$265,000</u>                    | <u>\$36,075</u> | <u>\$5,000</u> | <u>\$306,075</u> |

| Years ending<br>December 31: | <b>Fire Truck - Lease 2 Inc.</b> |                 |             |              |
|------------------------------|----------------------------------|-----------------|-------------|--------------|
|                              | <u>Principal</u>                 | <u>Interest</u> | <u>Fees</u> | <u>Total</u> |
| 2012                         | \$88,587                         | \$4,305         | \$0         | \$92,892     |



**GUILFORD TOWNSHIP  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**6. Retirement Systems**

The Township's Fire Chief belongs to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OP&F participants contributed 10 percent of their wages. For 2010 and 2009, the Township contributed to OP&F an amount equal to 24 percent of full-time fire fighters' wages, respectively. For 2010 and 2009, OPERS members contributed 10 percent of their gross salaries and the Township contributed an amount equaling 14 percent, of participants' gross salaries. The Township has paid all contributions required through December 31, 2010.

**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 Workers' 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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2009, OTARMA retained \$350,000 for casualty claims and \$150,000 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.

**GUILFORD TOWNSHIP  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(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, 2009 and 2008 (the latest information available):

|                   | <u>2009</u>         | <u>2008</u>         |
|-------------------|---------------------|---------------------|
| Assets            | \$38,982,088        | \$40,737,740        |
| Liabilities       | <u>(12,880,766)</u> | <u>(12,981,818)</u> |
| Retained Earnings | <u>\$26,101,322</u> | <u>\$27,755,922</u> |

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$12.0 and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$11.5 and \$10.9 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Township’s share of these unpaid claims collectible in future years is approximately \$3,000.

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.

**Township Contributions to OTARMA**

|      |           |
|------|-----------|
| 2010 | \$ 66,687 |
| 2009 | \$ 54,079 |
| 2008 | \$ 66,963 |

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA. They must provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s budgetary 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 was incurred or reported prior to the withdrawal.

**GUILFORD TOWNSHIP  
MEDINA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**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.

**This page intentionally left blank.**



# ALGER & ASSOCIATES, LLC

Certified Public Accountants

---

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

Board of Trustees  
Guilford Township  
9422 Guilford Road  
Seville, Ohio 44273

To the Board of Trustees:

We have audited the financial statement of the Guilford Township, Medina County, Ohio (the Township), as of and for the year ended December 31, 2010 and 2009, and have issued our report thereon dated July 26, 2011, wherein we noted the Township prepared its financial statement using accounting practices the Auditor of State prescribes or permits 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 as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Township internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

*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 combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We intend this report solely for the information and use of the audit committee, management and the Board of Trustees. We intend it for no one other than these specified parties.

**Alger & Associates, LLC**  
July 26, 2011



# Dave Yost • Auditor of State

**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  
AUGUST 16, 2011**