



**HUNTSBURG TOWNSHIP  
GEAUGA COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001 & 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



HUNTSBURG TOWNSHIP  
GEAUGA COUNTY

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Huntsburg Township  
Geauga County  
P.O. Box 280  
Huntsburg, Ohio 44046

To the Board of Trustees:

We have audited the accompanying financial statements of Huntsburg Township, Geauga County, Ohio, (the Township) as of and for the years ended December 31, 2001 and December 31, 2000. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Huntsburg Township, Geauga County, Ohio, as of December 31, 2001 and December 31, 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2002 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 audits.

This report is intended solely for the information and use of management and the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

March 22, 2002

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**HUNTSBURG TOWNSHIP  
GEAUGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types				Fiduciary Fund	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>						
Local Taxes	\$88,605	\$209,435	\$3,861	\$0	\$0	\$301,901
Intergovernmental	94,821	85,690	0	0	0	180,511
Licenses, Permits, and Fees	2,570	0	0	0	0	2,570
Earnings on Investments	7,543	695	0	0	0	8,238
Other Revenue	10,319	6,817	0	0	0	17,136
<b>Total Cash Receipts</b>	<b>203,858</b>	<b>302,637</b>	<b>3,861</b>	<b>0</b>	<b>0</b>	<b>510,356</b>
<b>Cash Disbursements:</b>						
Current:						
General Government	85,935	0	0	0	0	85,935
Public Safety	200	58,383	0	0	0	58,583
Public Works	19,774	274,878	0	0	0	294,652
Health	6,873	0	0	0	0	6,873
Human Services	0	0	0	0	0	0
Conservation - Recreation	28,403	0	0	0	0	28,403
Debt Service:						
Redemption of Principal	0	0	3,427	0	0	3,427
Interest and Fiscal Charges	0	0	157	0	0	157
Capital Outlay	66,267	23,834	0	0	0	90,101
<b>Total Cash Disbursements</b>	<b>207,452</b>	<b>357,095</b>	<b>3,584</b>	<b>0</b>	<b>0</b>	<b>568,131</b>
Total Receipts Over/(Under) Disbursements	(3,594)	(54,458)	277	0	0	(57,775)
<b>Other Financing Receipts/(Disbursements):</b>						
Transfers-In	0	0	0	29,475	0	29,475
Transfers-Out	(19,475)	(10,000)	0	0	0	(29,475)
Other Sources	2,186	825	0	0	0	3,011
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(17,289)</b>	<b>(9,175)</b>	<b>0</b>	<b>29,475</b>	<b>0</b>	<b>3,011</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(20,883)	(63,633)	277	29,475	0	(54,764)
Fund Cash Balances, January 1, 2001	69,189	129,040	4,112	20,000	275	222,616
<b>Fund Cash Balances, December 31, 2001</b>	<b>\$48,306</b>	<b>\$65,407</b>	<b>\$4,389</b>	<b>\$49,475</b>	<b>\$275</b>	<b>\$167,852</b>
Reserve for Encumbrances, December 31, 2001	\$633	\$2,106	\$0	\$0	\$0	\$2,739

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

HUNTSBURG TOWNSHIP  
GEAUGA COUNTY

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

	Governmental Fund Types				Fiduciary Fund	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>						
Local Taxes	\$84,538	\$195,598	\$8,224	\$0	\$0	\$288,360
Intergovernmental	101,504	83,825	0	112,375	0	297,704
Licenses, Permits, and Fees	5,748	0	0	0	0	5,748
Earnings on Investments	10,403	1,803	0	0	0	12,206
Other Revenue	13,892	359	0	0	0	14,251
<b>Total Cash Receipts</b>	<b>216,085</b>	<b>281,585</b>	<b>8,224</b>	<b>112,375</b>	<b>0</b>	<b>618,269</b>
<b>Cash Disbursements:</b>						
Current:						
General Government	84,044	0	0	0	0	84,044
Public Safety	200	32,291	0	0	0	32,491
Public Works	32,367	182,083	0	112,375	0	326,825
Health	13,435	0	0	0	0	13,435
Conservation - Recreation	54,253	0	0	0	0	54,253
Miscellaneous	13,349	0	0	0	0	13,349
Debt Service:						
Redemption of Principal	0	0	8,012	0	0	8,012
Interest and Fiscal Charges	0	0	212	0	0	212
Capital Outlay	0	48,490	0	0	0	48,490
<b>Total Cash Disbursements</b>	<b>197,648</b>	<b>262,864</b>	<b>8,224</b>	<b>112,375</b>	<b>0</b>	<b>581,111</b>
Total Receipts Over/(Under) Disbursements	18,437	18,721	0	0	0	37,158
<b>Other Financing Receipts/(Disbursements):</b>						
Other Sources	403	1,425	0	0	0	1,828
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>403</b>	<b>1,425</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,828</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	18,840	20,146	0	0	0	38,986
Fund Cash Balances, January 1, 2000	50,349	108,894	4,112	20,000	275	183,630
<b>Fund Cash Balances, December 31, 2000</b>	<b>\$69,189</b>	<b>\$129,040</b>	<b>\$4,112</b>	<b>\$20,000</b>	<b>\$275</b>	<b>\$222,616</b>
Reserve for Encumbrances, December 31, 2000	\$153	\$7,186	\$0	\$0	\$0	\$7,339

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



**HUNTSBURG TOWNSHIP  
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Huntsburg Township, Geauga County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general government services and park operations (recreation).

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 included in fund cash balances. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts.

Certificates of deposit are valued at cost.

**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.

**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 to construct, maintain and repair Township roads and bridges.

**HUNTSBURG TOWNSHIP  
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3. Debt Service Fund**

The debt service fund is used to accumulate resources for the payment of bonds and note indebtedness. This fund receives property tax monies for the retirement of the vehicle acquisition notes.

**4. Capital Projects Fund**

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through trust funds). The Township had the following significant capital projects fund:

*Permanent Improvements Fund* - This fund is used for the purpose of providing maintenance and improvements for reconstruction and renovations of the Township roads and buildings.

**5. Expendable Trust Fund (Fiduciary Fund Type)**

This fund is used to account for resources restricted by legally binding trust agreements. If the agreement requires the Township to maintain the corpus of the trust, the fund is classified as a non-expendable trust fund. The Township has the following Expendable Trust Fund:

*Veterans Memorial Fund* - This is a memorial fund to be used to maintain the memorial park within the Township

**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.

**HUNTSBURG TOWNSHIP  
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**3. Encumbrances**

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

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid 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 and investments at December 31 was as follows:

	<u>2001</u>	<u>2000</u>
Demand deposits	\$17,852	\$22,616
Certificates of deposit	<u>150,000</u>	<u>200,000</u>
Total deposits and investments	<u><u>\$167,852</u></u>	<u><u>\$222,616</u></u>

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

**HUNTSBURG TOWNSHIP  
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ended December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$199,812	\$206,044	\$6,232
Special Revenue	291,469	303,462	11,993
Debt Service	3,821	3,861	40
Capital Projects	20,000	29,475	9,475
Total	\$515,102	\$542,842	\$27,740

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$266,982	\$227,560	\$39,422
Special Revenue	419,586	369,201	50,385
Debt Service	7,933	3,584	4,349
Capital Projects	40,000	0	40,000
Fiduciary	275	0	275
Total	\$734,776	\$600,345	\$134,431

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$209,384	\$216,488	\$7,104
Special Revenue	281,989	283,010	1,021
Debt Service	8,224	8,224	0
Capital Projects	112,375	112,375	0
Total	\$611,972	\$620,097	\$8,125

**HUNTSBURG TOWNSHIP  
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$258,448	\$197,801	\$60,647
Special Revenue	384,501	270,050	114,451
Debt Service	12,335	8,224	4,111
Capital Projects	132,375	112,375	20,000
Fiduciary	275	0	275
Total	\$787,934	\$588,450	\$199,484

**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 payment, the first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property with 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. RETIREMENT SYSTEMS**

The Township's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

**HUNTSBURG TOWNSHIP  
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**6. RISK MANAGEMENT**

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 insurance 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 Insurance

OTARMA retains casualty risks up to \$250,000 per claim. Claims exceeding \$250,000 are reinsured with APEEP 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 Insurance

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, The Travelers Indemnity Company provides coverage in excess of \$10,000.

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 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, which is the latest information available:

<u>Casualty Coverage</u>	<u>2000</u>	<u>1999</u>
Assets	\$22,684,383	\$18,172,222
Liabilities	<u>8,924,977</u>	<u>5,947,013</u>
Retained earnings	<u>\$13,759,406</u>	<u>\$12,225,209</u>
<u>Property Coverage</u>	<u>2000</u>	<u>1999</u>
Assets	\$3,931,536	\$3,181,655
Liabilities	<u>272,583</u>	<u>311,970</u>
Retained earnings	<u>\$3,658,953</u>	<u>\$2,869,685</u>



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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Huntsburg Township  
Geauga County  
P.O. Box 280  
Huntsburg, Ohio 44046

To the Board of Trustees:

We have audited the accompanying financial statements of Huntsburg Township, Geauga County, Ohio, (the Township) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated March 22, 2002. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits 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 immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated March 22, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal 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 weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated March 22, 2002.

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

**Jim Petro**  
Auditor of State

March 22, 2002





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**HUNTSBURG TOWNSHIP**

**GEAUGA 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  
MAY 9, 2002**