



Mary Taylor, CPA  
Auditor of State



HUNTINGTON TOWNSHIP  
BROWN COUNTY

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# Mary Taylor, CPA Auditor of State

Huntington Township  
Brown County  
2164 State Route 763  
Aberdeen, Ohio 45101

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

October 4, 2007

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# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

Huntington Township  
Brown County  
2164 State Route 763  
Aberdeen, Ohio 45101

To the Board of Trustees:

We have audited the accompanying financial statements of Huntington Township, Brown County, Ohio (the Township), as of and for the years ended December 31, 2006 and 2005. 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. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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, 2006 and 2005 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, 2006 and 2005, 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 of Huntington Township, Brown County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 October 4, 2007, 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.



**Mary Taylor, CPA**  
Auditor of State

October 4, 2007



**HUNTINGTON TOWNSHIP  
BROWN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<u>General</u>	<u>Special Revenue</u>	<u>Permanent Funds</u>	<u>Totals (Memorandum Only)</u>
<b>Receipts:</b>				
Property and Other Local Taxes	\$42,284	\$129,162	\$0	\$171,446
Charges for Services	0	40,104	0	40,104
Licenses, Permits, and Fees	0	4,400	0	4,400
Intergovernmental	23,632	108,997	0	132,629
Earnings on Investments	888	945	75	1,908
Miscellaneous	137	9,405	0	9,542
<b>Total Receipts</b>	<b>66,941</b>	<b>293,013</b>	<b>75</b>	<b>360,029</b>
<b>Disbursements:</b>				
Current:				
General Government	67,364	0	0	67,364
Public Safety	0	202,812	0	202,812
Public Works	0	81,067	0	81,067
Health	3,591	8,430	37	12,058
Debt Service:				
Principal Retirement	0	23,787	0	23,787
Interest and Fiscal Charges	0	6,541	0	6,541
<b>Total Disbursements</b>	<b>70,955</b>	<b>322,637</b>	<b>37</b>	<b>393,629</b>
Excess of Receipts Over (Under) Disbursements	(4,014)	(29,624)	38	(33,600)
<b>Other Financing Receipts (Disbursements)</b>				
Transfers-In	0	611	0	611
Transfers-Out	(611)	0	0	(611)
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(611)</b>	<b>611</b>	<b>0</b>	<b>0</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(4,625)	(29,013)	38	(33,600)
Fund Cash Balances, January 1	12,786	255,275	2,072	270,133
<b>Fund Cash Balances, December 31</b>	<b>\$8,161</b>	<b>\$226,262</b>	<b>\$2,110</b>	<b>\$236,533</b>

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

**HUNTINGTON TOWNSHIP  
BROWN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>General</u>	<u>Special Revenue</u>	<u>Permanent Funds</u>	<u>Totals (Memorandum Only)</u>
<b>Receipts:</b>				
Property and Other Local Taxes	\$41,080	\$125,134	\$0	\$166,214
Charges for Services	0	55,965	0	55,965
Licenses, Permits, and Fees	0	3,900	0	3,900
Intergovernmental	24,236	127,383	0	151,619
Earnings on Investments	578	1,105	57	1,740
Miscellaneous	155	10,657	0	10,812
<b>Total Receipts</b>	<b>66,049</b>	<b>324,144</b>	<b>57</b>	<b>390,250</b>
<b>Disbursements:</b>				
Current:				
General Government	61,178	0	0	61,178
Public Safety	0	178,062	0	178,062
Public Works	0	80,793	0	80,793
Health	765	10,347	29	11,141
Debt Service:				
Principal Retirement	0	22,363	0	22,363
Interest and Fiscal Charges	0	7,965	0	7,965
<b>Total Disbursements</b>	<b>61,943</b>	<b>299,530</b>	<b>29</b>	<b>361,502</b>
Excess of Receipts Over Disbursements	4,106	24,614	28	28,748
<b>Other Financing Receipts (Disbursements)</b>				
Transfers-In	0	315		315
Transfers-Out	(315)	0		(315)
Other Financing Sources	0	500	0	500
<b>Total Other Financing Receipts/(Disbursements)</b>	<b>(315)</b>	<b>815</b>	<b>0</b>	<b>500</b>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	3,791	25,429	28	29,248
Fund Cash Balances, January 1	8,995	229,846	2,044	240,885
<b>Fund Cash Balances, December 31</b>	<b>\$12,786</b>	<b>\$255,275</b>	<b>\$2,072</b>	<b>\$270,133</b>

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

**HUNTINGTON TOWNSHIP  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005**

**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 Huntington Township, Brown 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, fire protection and emergency medical services.

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. Cash 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.

The Township values certificates of deposit at cost. Money market mutual funds are recorded at share values the mutual funds report.

**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 reports all financial resources except those required to be accounted for in another fund.

**HUNTINGTON TOWNSHIP  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

**1. Summary of Significant Accounting Policies (Continued)**

**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:

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

Life Squad Fund – This fund receives money for emergency medical services.

Fire Levy Fund – This fund receives property tax money for the provision of fire protection.

**3. Permanent Funds**

These funds account for assets held under a trust agreement that are legally restricted to the extent that only earnings, not principal, are available to support the Township's programs. The Township had the following significant permanent funds:

Cemetery Endowment Funds – These funds receives interest earned on the nonexpendable corpus from trust agreements. These earnings are used for the general maintenance and upkeep of the Township's cemetery.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

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

**HUNTINGTON TOWNSHIP  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005  
(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. The Township had no material encumbrances outstanding at December 31, 2006 and 2005.

A summary of 2006 and 2005 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.

**2. Equity in Pooled Cash And Investments**

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

	2006	2005
Demand deposits	\$219,130	\$244,038
Certificates of deposit	13,107	12,514
Savings accounts	4,296	3,581
Money market deposit account	0	10,000
Total deposits and investments	\$236,533	\$270,133

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Township.

**3. Budgetary Activity**

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$64,736	\$66,941	\$2,205
Special Revenue	282,595	293,625	11,030
Permanent	75	75	0
Total	\$347,406	\$360,641	\$13,235

**HUNTINGTON TOWNSHIP  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

**3. Budgetary (Continued)**

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$79,318	\$71,566	\$7,752
Special Revenue	566,528	322,637	243,891
Permanent	2,132	37	2,095
Total	<u>\$647,978</u>	<u>\$394,240</u>	<u>\$253,738</u>

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$73,478	\$66,049	(\$7,429)
Special Revenue	308,796	324,959	16,163
Permanent	40	57	17
Total	<u>\$382,314</u>	<u>\$391,065</u>	<u>\$8,751</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$71,117	\$62,258	\$8,859
Special Revenue	539,045	299,530	239,515
Permanent	0	29	(29)
Total	<u>\$610,162</u>	<u>\$361,817</u>	<u>\$248,345</u>

Contrary to Ohio law, appropriations exceeded total estimated resources in the following funds for the year ended December 31, 2006: General Fund (\$1,797), Motor Vehicle License Fund (\$1,513), Fire Fund (\$16,652), and Life Squad Fund (\$15,836). Also contrary to Ohio law, at December 31, 2005, the Fire Fund had appropriations exceed total estimated resources by (\$3,737) and the Misc SR FEMA Fund by (\$9,343).

**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.

**HUNTINGTON TOWNSHIP  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

**4. Property Tax (Continued)**

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, 2006 was as follows:

	Principal	Interest Rate
Fire House Improvement Note	\$76,946	5.7%
Dump Truck and F350 Note	19,671	5.49%
Total	\$96,617	

The Fire House Improvement Note was issued in 2001 to finance the improvement of the fire house. The loan is collateralized by 1.8975 acres of real estate plus improvements located in Huntington Township. The truck note was entered into in 2004 to finance the purchase of a 2001 GMC K3500 Dump Truck and a 2000 Ford F350. The loan is collateralized by the vehicles.

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

	Fire House Improvement	
Year ending December 31:	Note	Truck Note
2007	\$19,663	\$10,665
2008	19,663	10,665
2009	19,663	
2010	19,663	
2011	9,832	
Total	\$88,484	\$21,330

**6. Retirement Systems**

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>PERS – Local</i>	<i>2005</i>	<i>8.5%</i>	<i>13.55%</i>
<i>PERS – Local</i>	<i>2006</i>	<i>9%</i>	<i>13.7%</i>

The Township's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. 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 2006 and 2005, OPERS members contributed 9 and 8.5%, respectively, of their gross salaries and the Township contributed an amount equaling 13.7 and 13.55%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2006.

**HUNTINGTON TOWNSHIP  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

**7. Risk Management**

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. 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

For an occurrence prior to January 1, 2006 OTARMA retains casualty risks up to \$250,000 per occurrence, including claim 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 \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

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.



**HUNTINGTON TOWNSHIP  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

**7. Risk Management (Continued)**

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

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, 2006 and 2005.

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$32,031,312	\$30,485,638
Liabilities	(11,443,952)	(12,344,576)
Retained earnings	<u>\$20,587,360</u>	<u>\$18,141,062</u>

<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$10,010,963	\$9,177,796
Liabilities	(676,709)	(1,406,031)
Retained earnings	<u>\$9,334,254</u>	<u>\$7,771,765</u>

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$10.8 million and \$11.6 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 958 member governments in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$8,680. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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.

**HUNTINGTON TOWNSHIP  
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2006 AND 2005  
(Continued)**

**7. Risk Management (Continued)**

<u>Contributions to OTARMA</u>	
2004	\$3,265
2005	\$4,340
2006	\$4,532

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they give 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 occurred or was reported prior to the withdrawal.

**8. Restatement of Beginning Balance**

A restatement of beginning fund balance was made to reclassify a Cemetery Bequest Permanent fund to the Special Revenue Cemetery fund. This reclassification had the following effect on beginning fund type balances:

	Special Revenue	Permanent Funds
Fund Balance December 31, 2004	\$ 227,156	\$ 4,734
Reclassification of Fund	2,690	(2,690)
Adjusted Fund Balance December 31, 2004	<u>\$ 229,846</u>	<u>\$ 2,044</u>

**9. Compliance**

Contrary to **Ohio Revised Code § 5705.39**, the Township had appropriations in excess of estimated resources in the following funds:

Year	Fund	Estimated Resources	Appropriations	Variance
2006	General	\$ 77,521	\$ 79,318	(\$ 1,797)
2006	Motor Vehicle License	20,635	22,148	( 1,513)
2006	Fire	231,591	248,243	( 16,652)
2006	Life Squad	124,229	140,065	( 15,836)
2005	Fire	240,515	244,252	( 3,737)
2005	Misc. SR FEMA	-	\$ 9,343	( 9,343)

Contrary to **Ohio Revised Code, § 505.42**, the Trustees paid two payments, one in 2006 and one in 2005, totaling \$32,000 to Seagrove Command for work on a Fire Rescue Unit without following the bidding requirements.



# Mary Taylor, CPA

## Auditor of State

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

Huntington Township  
Brown County  
2164 State Route 763  
Aberdeen, Ohio 45101

To the Township Board of Trustees:

We have audited the financial statements of the Huntington Township, Brown County, Ohio (the Township), as of and for the year ended December 31, 2006 and 2005, and have issued our report thereon dated October 4, 2007, 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 as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2006-001 and 2006-002.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe that the significant deficiencies described above, finding numbers 2006-001 and 2006-002, are material weaknesses.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated October 4, 2007.

#### **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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2006-001 and 2006-002.

We also noted certain matters that we reported to the Township's management in a separate letter dated October 4, 2007.

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



**Mary Taylor, CPA**  
Auditor of State

October 4, 2007

**HUNTINGTON TOWNSHIP  
BROWN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2006 AND 2005**

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

**FINDING NUMBER 2006-001**

**Noncompliance / Significant Deficiency - Material Weakness**

**Ohio Revised Code, § 5705.39**, states the total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure. Due to formal approval of supplemental appropriations not being evident, appropriations exceeded estimated resources in the following funds:

Year	Fund	Estimated Resources	Appropriations	Variance
2006	General	\$ 77,521	\$ 79,318	(\$ 1,797)
2006	Motor Vehicle License	20,635	22,148	( 1,513)
2006	Fire	231,591	248,243	( 16,652)
2006	Life Squad	124,229	140,065	( 15,836)
2005	Fire	240,515	244,252	( 3,737)
2005	Misc. SR FEMA	-	9,343	( 9,343)

Failure to monitor that appropriations do not exceed estimated resources could cause the Township to spend monies in excess of projected receipts and available balances resulting in negative fund balances.

All appropriations should be properly approved to ensure appropriations do not exceed estimated resources.

**FINDING NUMBER 2006-002**

**Noncompliance / Significant Deficiency - Material Weakness**

**Ohio Revised Code, § 505.37(A)**, allows a board of township trustees to establish all necessary rules to guard against the occurrence of fires and to protect the property and lives of the citizens against damage and accidents, and requires them to provide for the care and maintenance of fire equipment. Furthermore, the Board may employ one or more persons to maintain and operate fire-fighting equipment, or it may enter into an agreement with a volunteer fire company for the use and operation of fire-fighting equipment.

**Ohio Revised Code, § 505.42**, allows a board of township trustees to enter into contracts for the purpose set forth in sections 505.37 to 505.42 of the Revised Code, subject to the bidding requirements of sections 731.14 to 731.16 of the Revised Code. These sections require, in part, that when an expenditure exceeds \$25,000, the contract for the expenditure shall be in writing and made with the lowest and best bidder after advertising for not less than two nor more than four consecutive weeks in a newspaper of general circulation.

In 2006 and 2005, the Trustees paid two payments totaling \$32,000 to Seagrove Command for work on a Fire Rescue Unit without following the bidding requirements.

Failure to competitively bid could result in the Township overpaying for goods or services. We recommend the Township review bidding requirements anytime they are going to enter into a contract exceeding \$25,000.

**Officials' Response:** We did not receive a response from Officials to the findings reported above.

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**HUNTINGTON TOWNSHIP  
BROWN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2006 AND 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2004-001	ORC 5705.41(D) not properly certifying the availability of funds	NO	Reissued as a management letter cite because purchase orders were issued as "Then and Now" PO's
2004-002	5705.41(B) Expenditures in excess of appropriations	YES	







**Mary Taylor, CPA**  
Auditor of State

**HUNTINGTON TOWNSHIP**

**BROWN 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  
NOVEMBER 8, 2007**