



HUNTINGTON TOWNSHIP, ROSS COUNTY

Regular Audit

For the Years Ended December 31, 2008 and 2007

J.L. UHRIG
AND ASSOCIATES INC.

CERTIFIED PUBLIC ACCOUNTANT AND MANAGEMENT CONSULTANTS





Mary Taylor, CPA

Auditor of State

Board of Trustees
Huntington Township
1111 Windy Ridge Road
Chillicothe, Ohio 45601

We have reviewed the *Independent Auditor's Report* of Huntington Township, Ross County, prepared by J.L. Uhrig and Associates, Inc., for the audit period January 1, 2007 through December 31, 2008. 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 Auditor's 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 Auditor's 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. Huntington Township is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 21, 2009

This Page is Intentionally Left Blank.

HUNTINGTON TOWNSHIP, ROSS COUNTY
Table of Contents
For the Years Ended December 31, 2008 and 2007

Independent Auditor's Report	1
GENERAL PURPOSE FINANCIAL STATEMENTS:	
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2008	3
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances - All Governmental Fund Types For the Year Ended December 31, 2007	4
Notes to the Financial Statements	5
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards	13
Schedule of Findings	15

This Page is Intentionally Left Blank.

Independent Auditor's Report

Board of Trustees
Huntington Township, Ross County
8335 Blain Highway
Chillicothe, OH 45601

We have audited the accompanying financial statements of Huntington Township (the Township), Ross County as of and for the years ended December 31, 2008 and 2007. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 2, the Township prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2008 and 2007. Instead of the combined funds the accompanying financial statements presents for 2008 and 2007, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2008 and 2007. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statement does not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 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, 2008 and 2007, or its changes in financial position for the years then ended.

Board of Trustees
Huntington Township, Ross County
Independent Auditor's Report

Also, in our opinion, the financial statements referred to in the first paragraph above presents fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Township, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 2 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2008 and 2007. 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 a report dated May 29, 2009 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. While we do 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* and should be read in conjunction with this report when considering the results of our audit.

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

May 29, 2009

HUNTINGTON TOWNSHIP, ROSS COUNTY
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2008

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<u>Cash Receipts:</u>					
Local Taxes	\$52,741	\$235,649	37,425	0	325,815
Intergovernmental	120,704	185,607	0	45,300	351,611
Charges for Services	0	5,200	0	0	5,200
Earnings on Investments	1,055	211	0	0	1,266
Other Revenue	657	9,068	0	0	9,725
Total Cash Receipts	175,157	435,735	37,425	45,300	693,617
<u>Cash Disbursements:</u>					
<i>Current:</i>					
General Government	90,921	712	0	0	91,633
Public Safety	0	111,270	0	0	111,270
Public Works	30,024	262,479	0	0	292,503
Health	0	5,850	0	0	5,850
<i>Debt Service:</i>					
Redemption of Principal	0	0	32,604	0	32,604
Interest and Fiscal Charges	0	0	5,607	0	5,607
Capital Outlay	0	107,058	0	45,300	152,358
Total Cash Disbursements	120,945	487,369	38,211	45,300	691,825
Total Cash Receipts Over (Under) Cash Disbursements	54,212	(51,634)	(786)	0	1,792
<u>Other Financing Sources (Uses):</u>					
Issuance of Notes	0	148,000	0	0	148,000
Total Other Financing Sources (Uses)	0	148,000	0	0	148,000
Total Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements	54,212	96,366	(786)	0	149,792
Fund Cash Balances, January 1, As Restated	27,903	93,971	786	18,750	141,410
Fund Cash Balances, December 31	\$82,115	\$190,337	\$0	\$18,750	\$291,202
Reserve for Encumbrances, December 31	\$257	\$1,814	\$0	\$0	\$2,071

See accompanying notes to the financial statements.

HUNTINGTON TOWNSHIP, ROSS COUNTY
Combined Statement of Cash Receipts, Cash Disbursements, and
Changes in Fund Cash Balances
All Governmental Fund Types
For the Year Ended December 31, 2007

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<u>Cash Receipts:</u>					
Local Taxes	\$50,396	\$254,400	\$22,036	\$0	\$326,832
Intergovernmental	85,966	164,507	0	18,750	269,223
Charges for Services	0	4,100	0	0	4,100
Earnings on Investments	638	163	0	0	801
Other Revenue	359	9,664	0	0	10,023
Total Cash Receipts	137,359	432,834	22,036	18,750	610,979
<u>Cash Disbursements:</u>					
<i>Current:</i>					
General Government	102,891	2,368	0	0	105,259
Public Safety	0	107,593	0	0	107,593
Public Works	17,797	264,754	0	0	282,551
Health	0	9,300	0	0	9,300
<i>Debt Service:</i>					
Redemption of Principal	0	9,069	20,349	0	29,418
Interest and Fiscal Charges	0	1,437	1,153	0	2,590
Capital Outlay	0	66,699	0	0	66,699
Total Cash Disbursements	120,688	461,220	21,502	0	603,410
Total Cash Receipts Over (Under) Cash Disbursements	16,671	(28,386)	534	18,750	7,569
<u>Other Financing Sources:</u>					
Issuance of Notes	0	16,000	0	0	16,000
Total Other Financing Sources (Uses)	0	16,000	0	0	16,000
Total Cash Receipts and Other Financing Sources Over (Under) Cash Disbursements	16,671	(12,386)	534	18,750	23,569
Fund Cash Balances, January 1	11,232	106,063	252	0	117,547
Fund Cash Balances, December 31	\$27,903	\$93,677	\$786	\$18,750	\$141,116
Reserve for Encumbrances, December 31	\$1,818	\$1,533	\$0	\$0	\$3,351

See accompanying notes to the financial statements.

HUNTINGTON TOWNSHIP, ROSS COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 1 – Reporting Entity

Huntington Township, Ross County, Ohio (the Township), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

The Township provides general government services, maintenance of Township roads and bridges, maintenance of cemeteries, fire protection and emergency medical services.

The Township's management believes these financial statements present all activities for which the Township is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Accounting

The Township's 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. This method differs from generally accepted accounting principles because receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

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

Special Revenue Funds: These funds are used to account for proceeds from specific sources (other than 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 personal property tax money for maintaining and repairing Township roads and bridges.

Fire Fund – This fund receives personal property tax money to provide fire fighting services to the Township.

Gasoline Tax Fund – This fund is comprised of taxes on the sale of gasoline which is distributed to the Township based upon road mileage determined by the state, and used for the repair and maintenance of Township roads.

Debt Service Fund: This fund accounts for resources the Township accumulates to pay note debt. The Township had the following Debt Service Fund:

Miscellaneous Debt Service Fund - This fund receives property tax money to retire the debt the Township has incurred.

HUNTINGTON TOWNSHIP, ROSS COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 2 – Summary of Significant Accounting Policies (continued)

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

Issue II Fund - The Township received a grant from the State of Ohio to repair and maintain Township roads.

Natural Resources Conservation Service Fund - The Township received funding to assist in repair and maintenance of the water shed in the Township.

Budgetary Process

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

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

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

Encumbrances: The Ohio Revised Code requires the Township to reserve (encumber) appropriations when commitments are made.

A summary of 2008 and 2007 budgetary activity appears in Note 5.

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.

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.

Note 3 – Prior Period Adjustment

2008 Prior Period Adjustment

During 2008, the Township voided checks issued in 2007 and reissued the checks. This resulted in a restatement of the prior period cash balance.

	Special Revenue Funds
	<hr/>
Net Assets at December 31, 2007	\$93,677
Understatement of Cash and Cash Equivalents	294
Adjusted Net Assets at December 31, 2007	<hr/> <hr/>

HUNTINGTON TOWNSHIP, ROSS COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 4 – Cash and Investments

The Township maintains a cash pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The Township had no investments at year end. The carrying amount of cash at year end was as follows:

	December 31, 2008	December 31, 2007
Demand Deposits	\$291,202	\$141,116

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

Note 5 – Budgetary Basis of Accounting

The Township's budgetary activity for the years ending December 31, 2008 and December 31, 2007 was as follows:

2008 Budgeted vs. Actual Receipts

Fund Type	Receipts		Variance
	Budgeted	Actual	
General	\$166,518	\$175,157	\$8,639
Special Revenue	598,710	583,735	(14,975)
Debt Service	37,425	37,425	0
Capital Projects	45,300	45,300	0
<i>Total</i>	\$847,953	\$841,617	(\$6,336)

2008 Budgeted vs. Actual Budgetary Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$131,351	\$121,202	\$10,149
Special Revenue	645,956	489,183	156,773
Debt Service	38,211	38,211	0
Capital Projects	45,300	45,300	0
<i>Total</i>	\$860,818	\$693,896	\$166,922

HUNTINGTON TOWNSHIP, ROSS COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 5 – Budgetary Basis of Accounting - (Continued)

2007 Budgeted vs. Actual Receipts

Fund Type	Receipts		
	Budgeted	Actual	Variance
General	\$131,978	\$137,359	\$5,381
Special Revenue	451,612	448,834	(2,778)
Debt Service	21,250	22,036	786
Capital Projects	18,750	18,750	0
<i>Total</i>	<u>\$623,590</u>	<u>\$626,979</u>	<u>\$3,389</u>

2007 Budgeted vs. Actual Budgetary Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$141,102	\$122,506	\$18,596
Special Revenue	500,625	462,753	37,872
Debt Service	21,502	21,502	0
<i>Total</i>	<u>\$672,829</u>	<u>\$606,761</u>	<u>\$66,068</u>

Note 6- Debt

Debt outstanding at December 31, 2008 was as follows:

Description of Issue	Issue Date	Interest Rate	Principal Balance 12-31-07	Issued in 2008	Retired In 2008	Principal Balance 12-31-08
Squad	2005	3.99%	\$31,493	\$0	\$11,283	\$20,210
Tractor	2007	4.60%	16,000	0	5,333	10,667
Backhoe	2008	4.8%	0	49,000	9,800	39,200
Fire Pumper Truck	2008	4.25%	0	99,000	6,188	92,812
			<u>\$47,493</u>	<u>\$148,000</u>	<u>\$32,604</u>	<u>\$162,889</u>

HUNTINGTON TOWNSHIP, ROSS COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 6- Debt - (Continued)

Description of Issue	Issue Date	Interest Rate	Principal Balance 12-31-06	Issued in 2007	Retired In 2007	Principal Balance 12-31-07
Fire Truck	2004	3.87%	\$18,920	\$0	\$18,920	\$0
Squad	2005	3.99%	41,991	0	10,498	31,493
Tractor	2007	4.60%	0	16,000	0	16,000
			\$60,911	\$16,000	\$29,418	\$47,493

The Township obtained a fire truck in 2003. The note will be repaid in annual installments of \$21,887 for principal and interest. The loan was paid in full during 2007.

The Township obtained a note in the amount of \$52,487 to purchase a squad vehicle in 2005. The note will be repaid in annual installments of \$5,248 for principal and any interest accrued on the outstanding balance at 3.99%.

The Township obtained a note in the amount of \$16,000 to purchase a Tractor in 2007. The note will be repaid in annual installments of \$5,333 for principal and any interest accrued on the outstanding balance at 4.6%.

The Township obtained a note in the amount of \$49,000 to purchase a Backhoe in 2008. The note will be repaid in annual installments of \$9,800 for principal and any interest accrued on the outstanding balance at 4.8%.

The Township obtained a note in the amount of \$99,000 to purchase a Fire Pumper Truck in 2008. The note will be repaid in semi-annual installments of \$6,188 for principal and any interest accrued on the outstanding balance at 4.25%.

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

Year ending December 31:	Squad	Backhoe	Pumper Truck	Tractor
2009	\$11,230	\$11,932	\$16,187	\$5,824
2010	11,810	11,932	15,661	5,579
2011	0	11,932	15,134	0
2012	0	5,966	14,616	0
2013	0	0	14,083	0
2014-2016	0	0	32,907	0
Total	\$23,040	\$41,762	\$108,588	\$11,403

Note 7 – Property Taxes

Real property taxes become a lien on January 1 proceeding the October 1 date for which rates are adopted by Board of Trustees. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as intergovernmental receipts. Payments are due to the County by December 31. If the property owner elects to make semi-annual payments, the first half is due December 31, and 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, ROSS COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 7– Property Taxes – (Continued)

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

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

The full tax rate for all Township operations for the years ended December 31, 2008 and 2007 was 7.40 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 and 2007 property tax receipts were based are as follows:

	2008	2007
Real Property		
Residential	\$41,004,880	\$36,423,380
Agricultural	12,586,910	10,569,010
Commercial/Industrial/Mineral	825,890	646,550
Tangible Personal Property	970,860	312,230
Public Utility	2,812,540	3,839,720
Total Assessed Value	\$58,201,080	\$51,608,890

Note 8 – Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2008 and 2007, the Township contracted for various types of insurance coverage as follows:

Company	Type of Coverage	Amount of Coverage
Ohio Government Risk Management Plan	General Liability	\$1,000,000
	Wrongful Acts	1,000,000
	Legal Liability	1,000,000
	Vehicle	1,000,000

Ohio Government Risk Management Plan financial statements reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (latest information available):

Combined Coverage	2007	2006
Assets	\$11,136,455	\$9,620,148
Liabilities	(4,273,553)	(3,329,620)
Retained Earnings	\$6,862,902	\$6,290,528

HUNTINGTON TOWNSHIP, ROSS COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 8 – Risk Management - (Continued)

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

Note 9 – Retirement Systems

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2008, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 10.0 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 10.1 percent. The Township's contribution rate for pension benefits for 2008 was 7.00 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 14.0 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

For the year ended December 31, 2007, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9.75 percent. The Township's contribution rate for pension benefits for 2007 was 7.85 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 13.85 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

HUNTINGTON TOWNSHIP, ROSS COUNTY
Notes to the Financial Statements
For the Years Ended December 31, 2008 and 2007

Note 9 – Retirement Systems – (Continued)

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$7,844, \$8,590, \$9,172 respectively. The full amount has been contributed for 2008, 2007, and 2006. Contributions to the member-directed plan for 2008 were \$15,688 and for 2007 were \$14,248.

Note 10 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2008 local government employer contribution rate was 14.0 percent of covered payroll (17.40 percent for public safety and law enforcement); 7 percent of covered payroll was the portion that was used to fund health care. The 2007 local government employer contribution rate was 13.85 percent of covered payroll (17.17 percent for public safety and law enforcement); 6 percent of covered payroll was the portion that was used to fund health care.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2007, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.5 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 0.5 and 4 percent annually for the next seven years and 4 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans for 2008 and 2007 were 363,503 and 364,076 respectively. The actual employer contributions for 2008 which were used to fund postemployment benefits were \$7,844. The actual value of OPERS's net assets available for payment of benefits at December 31, 2007, (the latest information available) was \$12.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.8 billion and \$17.0 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

**Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Required by
Government Auditing Standards**

Board of Trustees
Huntington Township, Ross County
8335 Blain Highway
Chillicothe, OH 45601

We have audited the accompanying financial statement of Huntington Township, Ross County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007, and have issued our report thereon dated May 29, 2009, wherein we noted that 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 *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

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 preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting 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 to be 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 deficiency described in the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting: 2008-001.

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.

Board of Trustees
Huntington Township, Ross County
Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Required by
Government Auditing Standards

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, the significant deficiency in internal control over financial reporting described above, we consider to be a material weaknesses, as defined above.

Compliance and Other Matters

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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under Government Auditing Standards, which is described in the accompanying Schedule of Findings as item 2008-001.

We noted a certain matter that we reported to the Township's management in a separate letter dated May 29, 2009.

The Township's response to the finding identified in our audit as described in the accompanying Schedule of Findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

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

J. L. Uhrig and Associates, Inc.

J. L. UHRIG AND ASSOCIATES, INC.

May 29, 2009

HUNTINGTON TOWNSHIP, ROSS COUNTY
Schedule of Findings
For the Years Ended December 31, 2008 and 2007

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

Finding Number 2008-001

Financial Record Keeping - Non-Compliance/Significant Deficiency/Material Weakness

Ohio Administrative Code (OAC) Section 117-2-02(A) directs all public offices to maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, and analyze, classify, record, and report its transactions, maintain accountability for the related assets, and prepare financial statements required by Rule 117-2-03 of the OAC. OAC Section 117-2-02(D) allows the records to be maintained manually or in a computerized format and requires the following: (1) Cash journal with the amount, date, receipt number, check number, account code, and any other information necessary to properly classify the transaction; (2) Receipts ledger to assemble and classify receipts into separate accounts for each type of receipt of each fund consisting of the amount, date, name of the payer, purpose, receipt number, and other information necessary to record the transaction on this ledger, and; (3) Appropriation ledger to assemble and classify disbursements into separate accounts for, at a minimum, each account listed in the appropriation resolution. The amount, date, fund, check number, purchase order number, encumbrance amount, unencumbered balance, amount of disbursement, uncommitted balance of appropriations, and any other information required may be entered in the appropriate columns.

A few receipt transactions were incorrectly posted to the improper accounts in both 2008 and 2007. This did not allow the Fiscal Officer to accurately reflect the receipt transactions of the Township. During 2008, the Township posted intergovernmental revenue received from the State as other receipts in the accounting system. During 2008 and 2007, the Township posted receipts from notes issued as other operating receipts.

The Township incorrectly posted debt payments to the improper account in 2007. This did not allow the Fiscal Officer to accurately reflect the principal and interest.

The fact that the posting errors occurred, resulting in reclassification and adjusting entries, indicates a significant deficiency in the internal controls over financial record keeping and reporting and resulted in the inaccurate reflection of the receipts and disbursements of the Township for 2008 and 2007.

We recommend the Fiscal Officer review the requirements of OAC Section 117-2-02 and the description of the accounts and maintain the receipt and disbursement ledgers in the manner prescribed therein.

Officials' Response

The Fiscal Officer did account for every receipt and every disbursement; each receipt was placed into the correct fund. Within a fund, a few receipts were placed into the wrong account. All receipts and disbursements were accounted for in total.

Regarding the misclassified disbursement in 2007, a loan was paid off a year earlier than expected. The initial appropriations did not include the early pay-off; therefore the only money set aside in the debt service fund from property tax proceeds was for the planned and expected loan payment. When the decision was made to pay-off the loan early, the fiscal officer made the additional payment from the fund in which the equipment was purchased. This total was only \$10,506.

HUNTINGTON TOWNSHIP, ROSS COUNTY
Schedule of Findings
For the Years Ended December 31, 2008 and 2007

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

Finding Number 2008-001 (continued)

Regarding the receipts misclassification, yes a few receipts were posted to the wrong account, but yet within the correct fund. Consider that in a given year Huntington Township receives approximately \$509,000 in receipts; 3% of those receipts were misclassified in 2007. The 2008 misclassification is more due to loan proceeds being placed into the wrong account, but still, the fund balances were accurate. If this a “significant deficiency/material weakness?” That would be a matter of opinion.



Mary Taylor, CPA
Auditor of State

HUNTINGTON TOWNSHIP

ROSS 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 5, 2009**