



Dave Yost • Auditor of State

This page intentionally left blank.

HUNTINGTON TOWNSHIP
LORAIN COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
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, 2009.....	5
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, 2008.....	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Schedule of Findings.....	17
Schedule of Prior Audit Findings.....	18

This page intentionally left blank.



Dave Yost • Auditor of State

Huntington Township
Lorain County
26309 State Route 58
Wellington, Ohio 44090

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 Township 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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

January 12, 2011

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Huntington Township
Lorain County
26309 State Route 58
Wellington, Ohio 44090

To the Board of Trustees:

We have audited the accompanying financial statements of Huntington Township, Lorain County, Ohio (the Township), as of and for the years ended December 31, 2009 and 2008. 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.

Lausche Building, 615 Superior Ave., NW, Twelfth Floor, Cleveland, Ohio 44113-1801
Phone: 216-787-3665 or 800-626-2297 Fax: 216-787-3361

www.auditor.state.oh.us

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, 2009 and 2008 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, 2009 and 2008 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, Lorain County, as of December 31, 2009 and 2008, 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 January 12, 2011, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Dave Yost
Auditor of State

January 12, 2011

**HUNTINGTON TOWNSHIP
LORAIN 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, 2009**

	Governmental Fund Types			Fiduciary Funds		Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Agency	Private Purpose Trust	
Cash Receipts:						
Property and Other Local Taxes	\$81,950	\$66,399	\$0	\$0	\$0	\$148,349
Licenses, Permits, and Fees	1,234	5,021	0	0	0	6,255
Intergovernmental	88,735	113,837	15,180	0	0	217,752
Earnings on Investments	2,511	5	0	0	0	2,516
Miscellaneous	589	16,481	0	0	1,000	18,070
Total Cash Receipts	175,019	201,743	15,180	0	1,000	392,942
Cash Disbursements:						
Current:						
General Government	101,226	23,375	0	0	0	124,601
Public Works	0	157,592	0	0	0	157,592
Health	0	5,933	0	0	0	5,933
Human Services	0	10,647	0	0	0	10,647
Conservation/Recreation	16,193	0	0	0	0	16,193
Other	0	0	0	1,500	0	1,500
Capital Outlay	7,828	0	0	0	0	7,828
Debt Service:						
Redemption of Principal	0	6,507	0	0	0	6,507
Interest and Fiscal Charges	0	947	0	0	0	947
Total Cash Disbursements	125,247	205,001	0	1,500	0	331,748
Total Receipts Over/(Under) Disbursements	49,772	(3,258)	15,180	(1,500)	1,000	61,194
Other Financing Receipts / (Disbursements):						
Advances-In	1,500	5,500	0	0	0	7,000
Advances-Out	(5,500)	(1,500)	0	0	0	(7,000)
Total Other Financing Receipts / (Disbursements)	(4,000)	4,000	0	0	0	0
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Adisbursements	45,772	742	15,180	(1,500)	1,000	61,194
Fund Cash Balances, January 1	162,722	72,544	19	1,500	0	236,785
Fund Cash Balances, December 31	\$208,494	\$73,286	\$15,199	\$0	\$1,000	\$297,979

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

**HUNTINGTON TOWNSHIP
LORAIN 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, 2008**

	Governmental Fund Types			Fiduciary Fund	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Agency	
Cash Receipts:					
Property and Other Local Taxes	\$84,512	\$68,233	\$0	\$0	\$152,745
Licenses, Permits, and Fees	2,871	2,568	0	1,500	6,939
Intergovernmental	77,714	111,160	10,000	0	198,874
Earnings on Investments	5,007	40	0	0	5,047
Miscellaneous	913	23,454	0	0	24,367
Total Cash Receipts	171,017	205,455	10,000	1,500	387,972
Cash Disbursements:					
Current:					
General Government	99,746	18,468	0	0	118,214
Public Works	1,000	202,471	9,981	0	213,452
Health	0	5,143	0	0	5,143
Human Services	0	7,560	0	0	7,560
Conservation/Recreation	13,716	0	0	0	13,716
Capital Outlay	496	6,895	0	0	7,391
Debt Service:					
Redemption of Principal	0	6,868	0	0	6,868
Interest and Fiscal Charges	0	1,240	0	0	1,240
Total Cash Disbursements	114,958	248,645	9,981	0	373,584
Total Receipts Over/(Under) Disbursements	56,059	(43,190)	19	1,500	14,388
Other Financing Receipts:					
Other Financing Sources	4,500	0	0	0	4,500
Total Other Financing Receipts	4,500	0	0	0	4,500
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements	60,559	(43,190)	19	1,500	18,888
Fund Cash Balances, January 1	102,163	115,734	0	0	217,897
Fund Cash Balances, December 31	\$162,722	\$72,544	\$19	\$1,500	\$236,785

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

**HUNTINGTON TOWNSHIP
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

Note 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 Huntington Township, Lorain County, Ohio (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general government services, maintenance of Township roads and bridges and cemetery maintenance. The Township's police protection is provided by the Lorain County Sheriff's Department, and the Township is a member of the Wellington Community Fire District which provides fire services and the South Lorain County Ambulance District which provides ambulance services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. 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' deductible. This organization is discussed in Note 7.

The Township also participates in the following jointly governed organizations: the South Lorain County Ambulance District; Wellington Community Fire District; Rural Lorain County Water Authority; and Lorain County Rural Wastewater District. Note 8 to the financial statements provides additional information for these entities.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

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

The investments in STAR Ohio are recorded at share values the mutual funds report.

**HUNTINGTON TOWNSHIP
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

Note 1 - Summary of Significant Accounting Policies (Continued)

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:

General Fund

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

Special Revenue Funds

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

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

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

Capital Project Funds

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

Miscellaneous Capital Project Fund – This fund accounts for grant monies received from the Ohio Department of Natural Resources for the Huntington Township Park project.

Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs. The Township's private purposes trust fund is for the Lucille Miller-Alferio bequest to provide flowers and upkeep of the gravesite.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township's agency fund is used to account for refundable zoning permits.

HUNTINGTON TOWNSHIP
LORAIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)

Note 1 - Summary of Significant Accounting Policies (Continued)

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds and principle portion of private purpose trust funds) be budgeted annually.

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund 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.

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.

Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled and are reappropriated in the subsequent year.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

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

**HUNTINGTON TOWNSHIP
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

Note 2 - Equity in Pooled Deposits and Investments

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

	2009	2008
Demand deposits	\$35,432	\$29,754
Money Market	242,695	48,513
Certificates of Deposit	1,000	0
Total deposits	\$279,127	\$78,267
STAR Ohio	18,852	158,518
Total investments	18,852	158,518
Total deposits and investments	\$297,979	\$236,785

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

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

Note 3 - Budgetary Activity

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$182,251	\$175,019	(\$7,232)
Special Revenue	213,631	201,743	(11,888)
Capital Projects	0	15,180	15,180
Private Purpose Trust	1,030	1,000	(30)
Total	\$396,912	\$392,942	(\$3,970)

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$183,543	\$125,247	\$58,296
Special Revenue	232,160	205,001	27,159
Capital Projects	0	0	0
Private Purpose Trust	0	0	0
Total	\$415,703	\$330,248	\$85,455

**HUNTINGTON TOWNSHIP
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

Note 3 - Budgetary Activity (Continued)

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$156,585	\$175,517	\$18,932
Special Revenue	201,569	205,455	3,886
Capital Projects	14,914	10,000	(4,914)
Total	\$373,068	\$390,972	\$17,904

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$175,094	\$114,958	\$60,136
Special Revenue	221,800	248,645	(26,845)
Capital Projects	79,330	9,981	69,349
Total	\$476,224	\$373,584	\$102,640

Contrary to Ohio Rev. Code 5705.36 and 5705.39, the Ohio Public Works Commission fund had appropriations exceeding actual resources and estimated resources by \$69,330 and \$64,416, respectively, at December 31, 2008.

Contrary to Ohio Rev. Code 5705.41(B), expenditures in the Road and Bridge fund exceeded appropriations by \$34,586 at December 31, 2008.

Note 4 - Property Tax

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

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

Tangible personal property tax is assessed by the property owners for 2008 and only against local and inter-exchange telephone companies for 2009, 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.

**HUNTINGTON TOWNSHIP
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

Note 5 – Debt

Debt outstanding at December 31, 2009 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OPWC Loan	\$3,270	0%
Equipment Acquisition Note	6,446	5.21%
Total	<u>\$9,716</u>	

In 2004, the Township entered into a \$10,463 road improvement project. The loan is collateralized by the Township's taxing authority

In 2006, the Township entered into a \$34,000 equipment acquisition note. The loan is collateralized by the Township's taxing authority.

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

Year ending December 31:	<u>OPWC Loan</u>	<u>Equipment Note</u>
2010	\$1,962	\$6,800
2011	1,308	
Total	<u>\$3,270</u>	<u>\$6,800</u>

Note 6 - Retirement Systems

Township employees belong to the Ohio Public Employees Retirement System, (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes the plan benefits, which include postretirement healthcare and survivor and disability benefits.

For 2009 and 2008, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2009.

Note 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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA.

**HUNTINGTON TOWNSHIP
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

Note 7 – Risk Management (Continued)

OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

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

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008:

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

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$12.0 and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$11.5 and \$10.9 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the Township's share of these unpaid claims collectible in future years is approximately \$8,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
<u>2009</u>	<u>2008</u>
\$7,310	\$6,956

**HUNTINGTON TOWNSHIP
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

Note 7 – Risk Management (Continued)

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's 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.

Note 8 - Jointly Governed Organizations

South Lorain County Ambulance District

The Ambulance District is organized pursuant to Ohio Rev. Code Section 505.71 and is directed by an appointed seven-member Board of Trustees representing the Village of Wellington, and Wellington, Huntington, Penfield, Rochester, Brighton, and Pittsfield Townships. The Ambulance District provides emergency medical services to the residents within the Ambulance District which includes the Township.

Wellington Community Fire District

The Fire District is organized pursuant to Ohio Rev. Code Section 505.371 and is directed by an appointed six-member Board of Trustees representing the Village of Wellington and Wellington, Huntington, Penfield, Brighton, and Pittsfield Townships. The Fire District provides fire protection and rescue services within the Fire District which includes the Township.

Lorain County Rural Water Authority

The Rural Lorain County Water Authority, a regional water district, is a political subdivision of the State of Ohio created by order of the Lorain County Common Pleas Court. The Authority was declared by the Court, on August 23, 1973 to be a duly organized regional water district, a political subdivision of the state of Ohio organized pursuant to Chapter 6119 of the Ohio Revised Code. The Authority operates under a Board of Trustees, which consists of as many members as equals the total number of villages and townships within this regional water district.

Lorain County Rural Wastewater District (LORCO)

LORCO is a wastewater district organized pursuant to Ohio Rev. Code Section 6119 and is directed by a Board of Trustees representing one each of the 13 township and three village members. LORCO was organized to provide wastewater treatment services to its members and has applied to the appropriate authorities for recognition as a Designated Management Agency under Section 208 of the Clean Water Act.



Dave Yost • 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
Lorain County
26309 State Route 58
Wellington, Ohio 44090

To the Board of Trustees:

We have audited the financial statements of Huntington Township, Lorain County, Ohio (the Township) as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated January 12, 2011, 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 also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. 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 conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed 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 2009-001 and 2009-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated January 12, 2011.

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

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



Dave Yost
Auditor of State

January 12, 2011

**HUNTINGTON TOWNSHIP
LORAIN COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

FINDING NUMBER 2009-001

Material Noncompliance – Reduced Certificate of Estimated Resources

Ohio Revised Code Section 5705.36(A)(4) requires obtaining a reduced amended certificate if the amount of the deficiency will reduce available resources below the current level of appropriation. Furthermore, Ohio Revised Code Section 5705.39 requires that total appropriations from each fund not exceed total estimated fund resources from each fund. This section also requires the Township to obtain a County Auditor’s certificate that total appropriations from each fund do not exceed the total official estimate or amended official estimate when amending estimated resources.

The Township's Ohio Public Works Commission fund had appropriations exceeding both actual and estimated resources at December 31, 2008 by \$69,330 and \$64,416, respectively. Furthermore, the Township did not receive the county's certification that appropriations do not exceed total estimated resources. Failure to appropriate within the level of resources available can result in spending monies that are not currently available, and ultimately, negative fund balances.

The Township should request a reduced amended certificate from the budget commission and reduce appropriations upon determination of a reduction of resources available in accordance with the Revised Code sections listed above. The Township should monitor appropriations to ensure that estimated resources for each fund are not exceeded.

Officials’ Response: We did not receive a response from Officials to this finding.

FINDING NUMBER 2009-002

Material Noncompliance - Expenditures Exceeding Appropriations

Ohio Revised Code Section 5705.41(B) prohibits a subdivision or taxing unit from making an expenditure unless it has been properly appropriated. Contrary to Ohio Law, budgetary expenditures exceeded appropriation authority at December 31, 2008 in the Road and Bridge fund as follows:

Fund	Total Appropriations	Expenditures	Variance
Road and Bridge Fund	\$72,000	\$106,586	(\$34,586)

The Township should monitor appropriations and expenditures monthly, at a minimum, to ensure that expenditures do not exceed appropriations. The Township should amend the appropriations as needed to avoid expenditures in excess of appropriations. If the Township receives additional monies, then they should follow procedures to appropriate those. Failure to limit expenditures to appropriations could lead to expenditures exceeding available resources and ultimately, negative fund balances.

Officials’ Response: There was \$141,580 available in the Road and Bridge fund but the fiscal officer failed to appropriate the monies.

**HUNTINGTON TOWNSHIP
LORAIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Material Noncompliance – ORC 5705.5(D)(1) – Fiscal officer certification was not obtained prior to the expenditure commitment.	No	Partially Corrected – The Township made expenditures prior to fiscal officer certification for 19% of those tested with “Now and Then” certification. Issued as management letter recommendation.
2007-002	Finding for Recovery – The Fiscal Officer’s compensation of \$3,000, was considered an “in-term increase in compensation” and thereby a Finding for Recovery was issued.	No	Partially Corrected - No finding issued during the audit period, however, the finding for recovery issued during the 2007 and 2006 audit has not been repaid.
2007-003	Material Noncompliance – ORC 5705.41(B) - Expenditures were in excess of appropriations for four funds at December 31, 2007.	No	Not Corrected – Expenditures were in excess of appropriations in the Road and Bridge fund at December 31, 2008. Issued as Finding 2009-002.



Dave Yost • Auditor of State

HUNTINGTON TOWNSHIP

LORAIN 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
FEBRUARY 1, 2011**