



Mary Taylor, CPA
Auditor of State

**HUNTSBURG TOWNSHIP
GEAUGA COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Huntsburg Township
Geauga County
16534 Mayfield Road
PO Box 280
Huntsburg, Ohio 44046

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Huntsburg Township, Geauga County, Ohio (the Township) as of and for the years ended December 31, 2007 and December 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Huntsburg Township, Geauga County, Ohio, as of December 31, 2007 and December 31, 2006, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Gasoline Tax, Road and Bridge, and Special Levy funds thereof for the years then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2006, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2008, 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

July 22, 2008

Huntsburg Township
Geauga County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 & December 31, 2006
Unaudited

This discussion and analysis of Huntsburg Township's financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2007 and December 31, 2006, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights are as follows:

Net assets of governmental activities decreased \$48,789 in 2007. The fund most affected by the decrease was the General Fund which transferred \$100,000 to the Permanent Improvement fund for capital outlay expenditures.

The Township's general receipts are primarily property taxes. These receipts represent 52.0 percent of the total cash received for governmental activities during 2007 and 33.4 percent of the total cash received for governmental activities during 2006. Property taxes have changed very little over the last few years.

The Township received Ohio Public Works (OPWC) monies for the cement stabilization and hard paving of one mile of Princeton Road in 2006, which consisted of \$213,300 in grant monies and \$18,275 in loan proceeds.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Township's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

Huntsburg Township
Geauga County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 & December 31, 2006
Unaudited
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As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

Reporting the Government as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2007 and 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the governmental activities of the Township at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we express the Township's activities as the following:

Governmental activities. The Township's basic services are reported here, including fire, streets, cemetery, town hall and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are governmental.

Governmental Funds - The Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, Road & Bridge Fund, Permanent Improvement, Special Levy (2007 only), and the OPWC Fund (2006 only). The programs reported in governmental funds are closely related to those reported in the governmental

Huntsburg Township
 Geauga County
 Management's Discussion and Analysis
 For the Years Ended December 31, 2007 & December 31, 2006
 Unaudited
 (Continued)

activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

The Government as a Whole

Table 1 provides a summary of the Township's net assets for 2007 compared to 2006 on a cash basis. Since the Township did not prepare financial statements in this format for 2005, a comparative analysis between 2005 and 2006 has not been presented.

(Table 1)

Net Assets

	Governmental Activities	
	2007	2006
Assets		
Cash and Cash Equivalents	\$435,019	\$483,808
Total Assets	\$435,019	\$483,808
 Net Assets		
Restricted for:		
Capital Projects	123,198	158,255
Other Purposes	220,507	136,178
Unrestricted	91,314	189,375
Total Net Assets	\$435,019	\$483,808

As previously mentioned, the net assets of governmental activities decreased by \$48,789 in 2007. The fund most affected by the decrease was the General Fund which transferred \$100,000 to the Permanent Improvement fund for capital outlay expenditures.

Huntsburg Township
 Geauga County
 Management's Discussion and Analysis
 For the Years Ended December 31, 2007 & December 31, 2006
 Unaudited
 (Continued)

Table 2 reflects the changes in net assets on a cash basis in 2007 and 2006 for governmental activities.

(Table 2)

Changes in Net Assets

	Governmental Activities 2007	Governmental Activities 2006
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$7,781	\$6,528
Operating Grants and Contributions	129,324	128,853
Capital Grants and Contributions	18,281	246,512
Total Program Receipts	155,386	381,893
General Receipts:		
Property and Other Local Taxes	305,951	298,738
Grants and Entitlements Not Restricted to Specific Programs	100,122	190,593
Interest	24,171	21,029
Miscellaneous	2,406	2,127
Total General Receipts	432,650	512,487
Total Receipts	588,036	894,380
Disbursements:		
General Government	147,851	120,000
Public Safety	67,689	62,615
Public Works	227,303	309,942
Health	8,842	6,137
Conservation & Recreation	50,083	35,349
Capital Outlay	116,782	231,575
Principal Retirement	18,275	0
Total Disbursements	636,825	765,618
Increase (Decrease) in Net Assets	(48,789)	128,762
Net Assets, January 1	483,808	355,046
Net Assets, December 31	\$435,019	\$483,808

Huntsburg Township
 Geauga County
 Management's Discussion and Analysis
 For the Years Ended December 31, 2007 & December 31, 2006
 Unaudited
 (Continued)

Program receipts represent only 26.4 percent of total receipts in 2007 and 42.7 percent of total receipts in 2006. Program receipts are primarily comprised of restricted intergovernmental receipts such as OPWC Grants (2006 only), motor vehicle license and gas tax money, zoning permits, cemetery fees, gym, park and town hall rentals and charges to Middlefield Volunteer Fire Department for fire services provided under contract.

General receipts represent 73.6 percent of total receipts in 2007. Of this amount, over 70 percent are property and other local taxes. General receipts represent 57.3 percent of total receipts in 2006. Of this amount, over 58 percent are property and other local taxes. State and federal grants and entitlements and interest revenue make up the balance of the Township's general receipts. Other receipts are insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the Board of Trustees and the Fiscal Officer, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs.

Public Safety is the cost of fire protection; Health Services is the cemetery department; Conservation and Recreation are the costs of maintaining the parks, gym and playing fields; Public Works is the cost of maintaining the roads. Capital Outlay is the cost of new road paving projects.

Governmental Activities

If you look at the Statements of Activities on pages 12 and 22, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The largest portion of disbursements for governmental activities was public works which represented 35.7 percent of total disbursements for 2007 and 40.5 percent of total disbursements for 2006. General government and capital outlay are also significant, representing 23.2 percent and 21.2 percent respectively of total disbursements for 2007, and 15.7 and 30.2 percent respectively of total disbursements for 2006. The next three columns of the Statement, entitled Program Cash Receipts, identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net (Disbursements) Receipts column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services is presented in Table 3.

(Table 3)

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2007	2006	2006	2006
General Government	\$147,851	\$122,689	\$120,000	\$100,285
Public Safety	67,689	\$57,940	62,615	\$53,330
Public Works	227,303	107,728	309,942	190,374
Health	8,842	7,942	6,137	4,387
Conservation & Recreation	50,083	50,083	35,349	35,349
Capital Outlay	135,057	135,057	231,575	18,275
Total Expenses	\$636,825	\$481,439	\$765,618	\$402,000

Huntsburg Township
Geauga County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 & December 31, 2006
Unaudited
(Continued)

The dependence upon property tax receipts is apparent as over 75.6 and 50.1 percent of governmental activities were supported through these general receipts in 2007 and 2006.

The Government's Funds

In 2007, total governmental funds had receipts of \$588,036 and disbursements of \$636,825. The greatest change within governmental funds occurred within the General Fund. The decrease was due mainly to a temporary increase for 2006 which occurred as the result of estate tax received. The township is in a deficit spending situation.

In 2006, total governmental funds had receipts of \$894,380 and disbursements of \$765,618. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$109,178, due mainly to estate tax received. The increase in intergovernmental receipts in the General fund was offset by a decrease in property taxes due to the non-passage and the expiration of a 1.0 mill levy. A 3.0 mill levy in the Road & Bridge fund also expired causing a decrease in receipts in that fund, which was in a deficit spending situation for 2006. OPWC monies were received which consisted of \$213,300 in grant monies and \$18,275 in loan proceeds. The total amount received was expended for a road paving project.

The Board of Trustees has decided to reduce spending. Some reductions have already been implemented including reduction of personnel and changes in dust control applications. These cuts will not eliminate the need for additional funds from the taxpayers if continued services are to be provided.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2007 and 2006, the Township amended its General Fund budget several times to reflect changing circumstances. The difference between final budgeted receipts and actual receipts was not significant.

In 2007, final General fund disbursements were budgeted at \$421,485 while actual disbursements were \$338,103. The Township kept spending below budgeted amounts as demonstrated by the reported variances. Final budgeted receipts were \$232,160 while actual receipts were \$240,042.

In 2006, final disbursements were budgeted at \$395,583 while actual disbursements were \$211,516. The Township kept spending below budgeted amounts as demonstrated by the reported variances. Final budgeted receipts were \$320,189 while actual receipts were \$320,644.

Capital Assets and Debt Administration

Capital Assets

The Township's capital assets and infrastructure are not maintained on the books.

Debt

During fiscal year 2006, the Township received a loan from OPWC in the amount of \$18,275 for the cement stabilization and hard surfacing of one-mile of Princeton Road. This debt was paid in full during fiscal year 2007.

Huntsburg Township
Geauga County
Management's Discussion and Analysis
For the Years Ended December 31, 2007 & December 31, 2006
Unaudited
(Continued)

Current Issues

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. We will have to adjust to the decrease in Personal Property Tax and Estate tax.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Michele Saunders, Fiscal Officer, P.O. Box 208, Huntsburg, Ohio 44046-0280

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Huntsburg Township
Geauga County
Statement of Net Assets - Cash Basis
December 31, 2007

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$435,019</u>
<i>Total Assets</i>	<u><u>\$435,019</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$123,198
Other Purposes	220,507
Unrestricted	<u>91,314</u>
<i>Total Net Assets</i>	<u><u>\$435,019</u></u>

See accompanying notes to the basic financial statements

Huntsburg Township
Geauga County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2007

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Special Assessments	Capital Grants and Special Assessments	Governmental Activities
Governmental Activities					
General Government	\$147,851	\$6,881	\$0	\$18,281	(\$122,689)
Public Safety	67,689	0	9,749	0	(57,940)
Public Works	227,303	0	119,575	0	(107,728)
Health	8,842	900	0	0	(7,942)
Conservation-Recreation	50,083	0	0	0	(50,083)
Capital Outlay	116,782	0	0	0	(116,782)
Payment of Principal	18,275	0	0	0	(18,275)
<i>Total Governmental Activities</i>	<u>\$636,825</u>	<u>\$7,781</u>	<u>\$129,324</u>	<u>\$18,281</u>	<u>(481,439)</u>
General Receipts					
Property Taxes Levied for:					
					93,392
					141,900
					70,659
Grants and Entitlements not Restricted to Specific Programs					
					100,122
					24,171
					2,406
					<u>432,650</u>
					(48,789)
					<u>483,808</u>
					<u>\$435,019</u>

See accompanying notes to the basic financial statements

Huntsburg Township
Geauga County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007

	General	Gasoline Tax	Road & Bridge	Permanent Improvement	Special Levy	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$91,314	\$62,212	\$109,188	\$123,198	\$29,455	\$19,652	\$435,019
Total Assets	<u>\$91,314</u>	<u>\$62,212</u>	<u>\$109,188</u>	<u>\$123,198</u>	<u>\$29,455</u>	<u>\$19,652</u>	<u>\$435,019</u>
Fund Balances							
Unreserved:							
Undesignated, Reported in:							
General Fund	\$91,314	\$0	\$0	\$0	\$0	\$0	\$91,314
Special Revenue Funds	0	62,212	109,188	0	29,455	19,652	220,507
Capital Projects Funds	0	0	0	123,198	0	0	123,198
Total Fund Balances	<u>\$91,314</u>	<u>\$62,212</u>	<u>\$109,188</u>	<u>\$123,198</u>	<u>\$29,455</u>	<u>\$19,652</u>	<u>\$435,019</u>

See accompanying notes to the basic financial statements

Huntsburg Township
Geauga County
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2007

Total Governmental Fund Balances	<u>\$435,019</u>
<i>Net Assets of Governmental Activities</i>	<u>\$435,019</u>

See accompanying notes to the basic financial statements

Huntsburg Township
Geauga County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	General	Gasoline Tax	Road & Bridge	Permanent Improvement	Special Levy	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$93,392	\$0	\$141,900	\$0	\$70,659	\$0	\$305,951
Licenses, Permits and Fees	6,881	0	0	0	0	0	6,881
Intergovernmental	100,122	88,979	21,465	0	9,749	9,131	229,446
Interest	21,334	2,395	0	0	0	442	24,171
Other	18,313	0	2,374	0	0	900	21,587
<i>Total Receipts</i>	<u>240,042</u>	<u>91,374</u>	<u>165,739</u>	<u>0</u>	<u>80,408</u>	<u>10,473</u>	<u>588,036</u>
Disbursements							
Current:							
General Government	147,851	0	0	0	0	0	147,851
Public Safety	0	0	0	0	67,689	0	67,689
Public Works	31,327	99,369	88,327	0	0	8,280	227,303
Health	8,842	0	0	0	0	0	8,842
Conservation-Recreation	50,083	0	0	0	0	0	50,083
Capital Outlay	0	0	0	116,782	0	0	116,782
Debt Service:							
Principal Retirement	0	0	0	18,275	0	0	18,275
<i>Total Disbursements</i>	<u>238,103</u>	<u>99,369</u>	<u>88,327</u>	<u>135,057</u>	<u>67,689</u>	<u>8,280</u>	<u>636,825</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,939</u>	<u>(7,995)</u>	<u>77,412</u>	<u>(135,057)</u>	<u>12,719</u>	<u>2,193</u>	<u>(48,789)</u>
Other Financing Sources (Uses)							
Transfers In	0	0	0	100,000	0	0	100,000
Transfers Out	(100,000)	0	0	0	0	0	(100,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(100,000)</u>	<u>0</u>	<u>0</u>	<u>100,000</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(98,061)</u>	<u>(7,995)</u>	<u>77,412</u>	<u>(35,057)</u>	<u>12,719</u>	<u>2,193</u>	<u>(48,789)</u>
<i>Fund Balances Beginning of Year</i>	<u>189,375</u>	<u>70,207</u>	<u>31,776</u>	<u>158,255</u>	<u>16,736</u>	<u>17,459</u>	<u>483,808</u>
<i>Fund Balances End of Year</i>	<u>\$91,314</u>	<u>\$62,212</u>	<u>\$109,188</u>	<u>\$123,198</u>	<u>\$29,455</u>	<u>\$19,652</u>	<u>\$435,019</u>

See accompanying notes to the basic financial statements

Huntsburg Township
Geauga County

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2007*

Net Change in Fund Balances - Total Governmental Funds	<u>(\$48,789)</u>
<i>Change in Net Assets of Governmental Activities</i>	<u>(\$48,789)</u>

See accompanying notes to the basic financial statements

**HUNTSBURG TOWNSHIP
GEAUGA COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund*

For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$92,055	\$92,080	\$93,392	\$1,312
Intergovernmental	82,092	96,844	100,122	3,278
Licenses, Permits, and Fees	7,000	6,500	6,881	381
Interest	17,300	19,737	21,334	1,597
Other	13,524	16,999	18,313	1,314
<i>Total receipts</i>	<u>211,971</u>	<u>232,160</u>	<u>240,042</u>	<u>7,882</u>
Disbursements				
Current:				
General Government	156,942	287,281	147,851	139,430
Public Works	20,500	57,000	31,327	25,673
Health	16,200	13,000	8,842	4,158
Conservation-Recreation	21,700	64,204	50,083	14,121
<i>Total Disbursements</i>	<u>215,342</u>	<u>421,485</u>	<u>238,103</u>	<u>183,382</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(3,371)</u>	<u>(189,325)</u>	<u>1,939</u>	<u>191,264</u>
Other Financing Sources (Uses)				
Transfers Out	<u> </u>	<u> 0</u>	<u>(100,000)</u>	<u>(100,000)</u>
<i>Total Other Financing Sources (Uses)</i>	<u> 0</u>	<u> 0</u>	<u>(100,000)</u>	<u>(100,000)</u>
<i>Net Change in Fund Balance</i>	<u>(3,371)</u>	<u>(189,325)</u>	<u>(98,061)</u>	<u>91,264</u>
<i>Fund Balance Beginning of Year</i>	<u>189,325</u>	<u>189,325</u>	<u>189,325</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>50</u>	<u>50</u>	<u>50</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$186,004</u></u>	<u><u>\$50</u></u>	<u><u>\$91,314</u></u>	<u><u>\$91,264</u></u>

See accompanying notes to the basic financial statements

HUNTSBURG TOWNSHIP
GEAUGA COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$79,000	\$81,082	\$88,979	\$7,897
Interest	2,000	2,161	2,395	234
<i>Total receipts</i>	81,000	83,243	91,374	8,131
Disbursements				
Current:				
Public Works	94,617	153,449	99,369	54,080
<i>Total Disbursements</i>	94,617	153,449	99,369	54,080
<i>Excess of Receipts Over (Under) Disbursements</i>	(13,617)	(70,206)	(7,995)	62,211
<i>Fund Balance Beginning of Year</i>	70,207	70,207	70,207	0
<i>Fund Balance End of Year</i>	\$56,590	\$1	\$62,212	\$62,211

See accompanying notes to the basic financial statements

HUNTSBURG TOWNSHIP
GEAUGA COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road & Bridge Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$139,720	\$141,605	\$141,900	\$295
Intergovernmental	16,380	21,465	21,465	0
Miscellaneous	3,000	2,374	2,374	0
<i>Total receipts</i>	159,100	165,444	165,739	295
Disbursements				
Current:				
Public Works	175,874	182,218	88,327	93,891
<i>Total Disbursements</i>	175,874	182,218	88,327	93,891
<i>Excess of Receipts Over (Under) Disbursements</i>	(16,774)	(16,774)	77,412	94,186
<i>Fund Balance Beginning of Year</i>	31,776	31,776	31,776	0
<i>Fund Balance End of Year</i>	\$15,002	\$15,002	\$109,188	\$94,186

See accompanying notes to the basic financial statements

HUNTSBURG TOWNSHIP
GEAUGA COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Special Levy Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$69,568	\$70,501	\$70,659	\$158
Intergovernmental	7,950	9,749	9,749	0
<i>Total receipts</i>	77,518	80,250	80,408	158
Disbursements				
Current:				
Public Safety	81,829	96,986	67,689	29,297
<i>Total Disbursements</i>	81,829	96,986	67,689	29,297
<i>Excess of Receipts Over (Under) Disbursements</i>	(4,311)	(16,736)	12,719	29,455
<i>Fund Balance Beginning of Year</i>	16,736	16,736	16,736	0
<i>Fund Balance End of Year</i>	\$12,425	\$0	\$29,455	\$29,455

See accompanying notes to the basic financial statements

Huntsburg Township
Geauga County
Statement of Net Assets - Cash Basis
December 31, 2006

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$483,808</u>
<i>Total Assets</i>	<u><u>\$483,808</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$158,255
Other Purposes	136,178
Unrestricted	<u>189,375</u>
<i>Total Net Assets</i>	<u><u>\$483,808</u></u>

See accompanying notes to the basic financial statements

Huntsburg Township
Geauga County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2006

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Special Assessments	Capital Grants and Special Assessments	Governmental Activities
Governmental Activities					
General Government	\$120,000	\$4,778	\$0	\$14,937	(\$100,285)
Public Safety	62,615	0	9,285	0	(53,330)
Public Works	309,942	0	119,568	0	(190,374)
Health	6,137	1,750	0	0	(4,387)
Conservation-Recreation	35,349	0	0	0	(35,349)
Capital Outlay	231,575	0	0	213,300	(18,275)
<i>Total Governmental Activities</i>	<u>\$765,618</u>	<u>\$6,528</u>	<u>\$128,853</u>	<u>\$228,237</u>	<u>(402,000)</u>
		General Receipts			
		Property Taxes Levied for:			
		General Purposes			91,037
		Road and Bridge Fund			138,710
		Special Levy Funds			68,991
		Grants and Entitlements not Restricted to Specific Programs			190,593
		Interest			21,029
		Proceeds of OPWC Loan			18,275
		Miscellaneous			2,127
		<i>Total General Receipts</i>			<u>530,762</u>
		Change in Net Assets			128,762
		<i>Net Assets Beginning of Year</i>			<u>355,046</u>
		<i>Net Assets End of Year</i>			<u><u>\$483,808</u></u>

See accompanying notes to the basic financial statements

Huntsburg Township
Geauga County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	<u>General</u>	<u>Gasoline Tax</u>	<u>Road & Bridge</u>	<u>Permanent Improvement</u>	<u>OPWC</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets							
Equity in Pooled Cash and Cash Equivalents	\$189,375	\$70,207	\$31,776	\$158,255	\$0	\$34,195	\$483,808
<i>Total Assets</i>	<u>\$189,375</u>	<u>\$70,207</u>	<u>\$31,776</u>	<u>\$158,255</u>	<u>\$0</u>	<u>\$34,195</u>	<u>\$483,808</u>
Fund Balances							
Reserved:							
Reserved for Encumbrances	\$50	\$0	\$0	\$0	\$0	\$0	\$50
Unreserved:							
Undesignated, Reported in:							
General Fund	189,325	0	0	0	0	0	189,325
Special Revenue Funds	0	70,207	31,776	0	0	34,195	136,178
Capital Projects Funds	0	0	0	158,255	0	0	158,255
<i>Total Fund Balances</i>	<u>\$189,375</u>	<u>\$70,207</u>	<u>\$31,776</u>	<u>\$158,255</u>	<u>\$0</u>	<u>\$34,195</u>	<u>\$483,808</u>

See accompanying notes to the basic financial statements

Huntsburg Township
Geauga County
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2006

Total Governmental Fund Balances	<u>\$483,808</u>
<i>Net Assets of Governmental Activities</i>	<u>\$483,808</u>

See accompanying notes to the basic financial statements

Huntsburg Township
Geauga County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	Gasoline Tax	Road & Bridge	Permanent Improvement	OPWC	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$91,037	\$0	\$138,710	\$0	\$0	\$68,991	\$298,738
Licenses, Permits and Fees	4,778	0	0	0	0	0	4,778
Intergovernmental	190,593	90,204	20,091	0	213,300	18,558	532,746
Interest	19,217	1,400	0	0	0	412	21,029
Other	15,019	0	2,045	0	0	1,750	18,814
<i>Total Receipts</i>	<u>320,644</u>	<u>91,604</u>	<u>160,846</u>	<u>0</u>	<u>213,300</u>	<u>89,711</u>	<u>876,105</u>
Disbursements							
Current:							
General Government	120,000	0	0	0	0	0	120,000
Public Safety	0	0	0	0	0	62,615	62,615
Public Works	14,980	81,898	193,600	0	0	19,464	309,942
Health	6,137	0	0	0	0	0	6,137
Conservation-Recreation	35,349	0	0	0	0	0	35,349
Capital Outlay	0	0	0	0	231,575	0	231,575
<i>Total Disbursements</i>	<u>176,466</u>	<u>81,898</u>	<u>193,600</u>	<u>0</u>	<u>231,575</u>	<u>82,079</u>	<u>765,618</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>144,178</u>	<u>9,706</u>	<u>(32,754)</u>	<u>0</u>	<u>(18,275)</u>	<u>7,632</u>	<u>110,487</u>
Other Financing Sources (Uses)							
Proceeds of OPWC Loan	0	0	0	0	18,275	0	18,275
Transfers In	0	0	0	35,000	0	0	35,000
Transfers Out	(35,000)	0	0	0	0	0	(35,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(35,000)</u>	<u>0</u>	<u>0</u>	<u>35,000</u>	<u>18,275</u>	<u>0</u>	<u>18,275</u>
<i>Net Change in Fund Balances</i>	<u>109,178</u>	<u>9,706</u>	<u>(32,754)</u>	<u>35,000</u>	<u>0</u>	<u>7,632</u>	<u>128,762</u>
<i>Fund Balances Beginning of Year</i>	<u>80,197</u>	<u>60,501</u>	<u>64,530</u>	<u>123,255</u>	<u>0</u>	<u>26,563</u>	<u>355,046</u>
<i>Fund Balances End of Year</i>	<u>\$189,375</u>	<u>\$70,207</u>	<u>\$31,776</u>	<u>\$158,255</u>	<u>\$0</u>	<u>\$34,195</u>	<u>\$483,808</u>

See accompanying notes to the basic financial statements

Huntsburg Township
Geauga County
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended December 31, 2006*

Net Change in Fund Balances - Total Governmental Funds	<u>\$128,762</u>
<i>Change in Net Assets of Governmental Activities</i>	<u>\$128,762</u>

See accompanying notes to the basic financial statements

**HUNTSBURG TOWNSHIP
GEAUGA COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund*

For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$90,267	\$90,813	\$91,037	\$224
Intergovernmental	82,910	190,812	190,593	(219)
Licenses, Permits, and Fees	6,000	4,579	4,778	199
Interest	8,000	19,124	19,217	93
Other	11,000	14,861	15,019	158
<i>Total receipts</i>	198,177	320,189	320,644	455
Disbursements				
Current:				
General Government	156,942	258,118	120,050	138,068
Public Works	20,500	68,500	14,980	53,520
Health	16,200	18,200	6,137	12,063
Conservation-Recreation	21,700	50,765	35,349	15,416
<i>Total Disbursements</i>	215,342	395,583	176,516	219,067
<i>Excess of Receipts Over (Under) Disbursements</i>	(17,165)	(75,394)	144,128	219,522
Other Financing Sources (Uses)				
Transfers Out	0	0	(35,000)	(35,000)
<i>Total Other Financing Sources (Uses)</i>	0	0	(35,000)	(35,000)
<i>Net Change in Fund Balance</i>	(17,165)	(75,394)	109,128	184,522
<i>Fund Balance Beginning of Year</i>	80,197	80,197	80,197	0
<i>Fund Balance End of Year</i>	\$63,032	\$4,803	\$189,325	\$184,522

See accompanying notes to the basic financial statements

HUNTSBURG TOWNSHIP
GEAUGA COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$56,500	\$81,449	\$90,204	\$8,755
Interest	800	1,400	1,400	0
<i>Total receipts</i>	<u>57,300</u>	<u>82,849</u>	<u>91,604</u>	<u>8,755</u>
Disbursements				
Current:				
Public Works	94,617	143,350	81,898	61,452
<i>Total Disbursements</i>	<u>94,617</u>	<u>143,350</u>	<u>81,898</u>	<u>61,452</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(37,317)</u>	<u>(60,501)</u>	<u>9,706</u>	<u>70,207</u>
<i>Fund Balance Beginning of Year</i>	<u>60,501</u>	<u>60,501</u>	<u>60,501</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$23,184</u>	<u>\$0</u>	<u>\$70,207</u>	<u>\$70,207</u>

See accompanying notes to the basic financial statements

HUNTSBURG TOWNSHIP
GEAUGA COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road & Bridge Fund
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$137,441	\$138,341	\$138,710	\$369
Intergovernmental	19,189	20,460	20,091	(369)
Other	0	2,045	2,045	0
<i>Total receipts</i>	156,630	160,846	160,846	0
Disbursements				
Current:				
Public Works	192,171	225,375	193,600	31,775
<i>Total Disbursements</i>	192,171	225,375	193,600	31,775
<i>Excess of Receipts Over (Under) Disbursements</i>	(35,541)	(64,529)	(32,754)	31,775
<i>Fund Balance Beginning of Year</i>	64,530	64,530	64,530	0
<i>Fund Balance End of Year</i>	\$28,989	\$1	\$31,776	\$31,775

See accompanying notes to the basic financial statements

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Huntsburg Township
Geauga County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and December 31, 2006

Note 1 – Reporting Entity

Huntsburg Township, Geauga County, Ohio (the Township) is a body politic and corporate founded in 1808 in Ohio 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 reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of township roads and bridges, maintenance of the town hall, parks and gymnasium and cemetery. The Township contracts with the Middlefield Volunteer Fire Department for fire protection and is funded by a township levy. Police protection is provided by the Geauga County Sheriff's Department and is funded by a county levy.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township. The Township has no component units.

C. Public Entity Risk Pool

The Township participates in a public entity risk pool. Note 7 to the financial statements provides additional information for this entity. This organization is 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.

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

Huntsburg Township
Geauga County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and December 31, 2006
(Continued)

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash and investment balances, of the governmental activities of the Township at year-end. The statement of activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are classified as governmental.

Huntsburg Township
Geauga County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and December 31, 2006
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, Road & Bridge Fund, Permanent Improvement Fund, OPWC Fund (2006 only) and the Special Levy Fund (2007 only). The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio. The Gasoline Tax Fund receives gasoline tax monies for the construction, maintenance and repair of Township roads. The Road & Bridge Fund receives real estate taxes, homestead and rollback funds, and personal property tax for the construction, maintenance and repair of Township roads. The Permanent Improvement Fund was established for the purpose of saving funds for the construction of paved roads. The OPWC Fund receives funding through State grant funding (intergovernmental funds) and are restricted to an approved road-paving project. The Special Levy Fund is for fire protection. The Township contracts with Middlefield Volunteer Fire Department for fire protection. The Township provides two bays at the garage for two fire trucks.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

Huntsburg Township
Geauga County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and December 31, 2006
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

D. Budgetary Process (Continued)

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

Township records identify the purchase of specific investments by specific funds.

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2007 and 2006, the Township invested in a money market mutual fund. The Township's money market mutual fund investment is recorded at the amount reported by Huntington National Bank on December 31, 2007 and December 31, 2006.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 \$21,334 which includes \$14,294 assigned from other Township funds. Interest receipts credited to the General Fund during 2006 was \$19,217 which includes \$11,529 assigned from other Township funds.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Township has no restricted assets.

G. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

Huntsburg Township
Geauga County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and December 31, 2006
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

I. Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources for the Gasoline Tax Fund, Road & Bridge Fund, OPWC Fund, and Special Levy Fund, and are restricted for salaries, road maintenance, improvement, contracts and materials. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

O. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Huntsburg Township
Geauga County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and December 31, 2006
(Continued)

Note 3 – Change in Basis of Accounting and Restatement of Fund Equity

Last audit, the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This audit, the Township has implemented the cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the General Fund, Gasoline Tax Fund, Road & Bridge Fund, and Special Levy Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$50 for the general fund for 2006. The Township did not have any encumbrances outstanding at year end (budgetary basis) for 2007.

Note 5 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

Huntsburg Township
 Geauga County
 Notes to the Financial Statements
 For the Years Ended December 31, 2007 and December 31, 2006
 (Continued)

Note 5 – Deposits and Investments (Continued)

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. \$15,945 of the Township's bank balance of \$15,954 at December 31, 2007, and \$34,553 of the Township's bank balance of \$34,553 at December 31, 2006 was covered by Federal Depository Insurance.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2007, the Township had the following investment:

	Carrying Value	Maturity
Money Market Mutual Fund	\$438,996	Less than 1 year
Total Portfolio	\$438,996	

Huntsburg Township
Geauga County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and December 31, 2006
(Continued)

Note 5 – Deposits and Investments (Continued)

Investments (Continued)

As of December 31, 2006, the Township had the following investment:

	<u>Carrying Value</u>	<u>Maturity</u>
Money Market Mutual Fund	\$465,182	Less than 1 year
Total Portfolio	<u>\$465,182</u>	

Interest rate risk arises because the fair value of investments changes as interest rates change. The Township's investment policy addresses interest rate risk by requiring that the Township's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

The Money Market Mutual Fund carries a rating of Prime-1 by Moodys. The Township's investment policy is limited to requiring compliance with state statutes. Ohio law requires that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Note 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Property tax receipts received in 2007 for real and public utility property taxes represents collections of the 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) is for 2007 taxes. Property tax receipts received in 2006 for real and public utility property taxes represents collections of the 2005 taxes. Property tax payments received during 2006 for tangible personal property (other than public utility property) is for 2006 taxes.

2007 real property taxes are levied after October 1, 2007 on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008. 2006 real property taxes are levied after October 1, 2006 on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. 2006 real property taxes are collected in and intended to finance 2007.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 public utility property taxes which became a lien on December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2006 public utility property taxes which became a lien on December 31, 2005, are levied after October 1, 2006, and are collected in 2007 with real property taxes.

Huntsburg Township
 Geauga County
 Notes to the Financial Statements
 For the Years Ended December 31, 2007 and December 31, 2006
 (Continued)

Note 6 – Property Taxes (Continued)

2007 tangible property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. 2006 tangible property taxes are levied after October 1, 2005, on the value as of December 31, 2005. Collections are made in 2006. Tangible personal property assessments are being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008, and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 3, with the remainder due September 20.

The full tax rate for all Township operations for the years ended December 31, 2007 and December 31, 2006, was \$6.00 per \$1,000 of assessed value.

The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property	\$59,217,490
Public Utility Property	1,900,820
Tangible Personal Property	136,680
Total Assessed Values	\$61,254,990

The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	\$58,013,270
Public Utility Property	1,803,960
Tangible Personal Property	295,660
Total Assessed Values	\$60,112,890

Note 7 – 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 2007 and 2006, the Township contracted with O.T.A.R.M.A. for various types of insurance as follows:

Company	Type of Coverage	Amount of Coverage
O.T.A.R.M.A.	Commercial Property	\$1,333,207
	General Liability	2,000,000
	Inland Marine	329,788
	Vehicle	182,457
	Errors and Omissions	2,000,000
	Public Officials	2,000,000

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.

Huntsburg Township
Geauga County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and December 31, 2006
(Continued)

Note 7 – Risk Management (Continued)

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.

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 townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

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. Townships can elect additional coverage, from \$2,000,000 to \$12,000,000 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.

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, (\$300,000 in 2007) per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable value. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, (\$300,000 in 2007) Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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 township.

Settlements did not exceed insurance coverage for the past three fiscal years.

Huntsburg Township
 Geauga County
 Notes to the Financial Statements
 For the Years Ended December 31, 2007 and December 31, 2006
 (Continued)

Note 7 – Risk Management (Continued)

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (the latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	<u>(13,357,837)</u>	<u>(12,120,661)</u>
Net Assets	<u>\$29,852,866</u>	<u>\$29,921,614</u>

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, 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 \$9,000. 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.

The Township's contributions to OTARMA for the past three years are as follows:

<u>Year</u>	<u>Contribution</u>
2007	\$9,905
2006	10,090
2005	9,303

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.

Huntsburg Township
Geauga County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and December 31, 2006
(Continued)

Note 8 – Defined Benefit Pension Plan

Plan Description - 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. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only in the traditional plans.

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) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, members in state and local classifications contributed 9.5 percent of covered payroll. For the year ended December 31, 2006, members in state and local classifications contributed 9 percent of covered payroll. The Township's contribution rate for 2007 was 13.85 percent. The Township's contribution rate for 2006 was 13.7 percent.

The Township's required contributions for pension obligations to the traditional plan for the years ended December 31, 2007, 2006, and 2005 were \$30,138, \$30,585, and \$26,780 respectively. The full amount has been contributed for 2007, 2006, 2005.

Note 9 - Postemployment Benefits

Plan Description - OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 – 7377.

Huntsburg Township
Geauga County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and December 31, 2006
(Continued)

Note 9 - Postemployment Benefits (Continued)

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund postemployment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, local government employers contributed 13.85 percent of covered payroll. Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund postemployment healthcare was 5 percent of covered payroll from January 1 through June 30, 2007, and 6 percent from July 1 through December 31, 2007. The 2006 local government employer contribution rate was 13.7 percent of covered payroll; 4.5 percent of covered payroll was the portion that was used to fund health care.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

The Township's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2007, 2006, and 2005 were \$11,968, \$11,041, and \$9,667 respectively; 100 percent has been contributed for 2007, 2006 and 2005.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006. January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

Note 10 – Debt

The Township received \$18,275 in OPWC loan proceeds during fiscal year 2006. The debt was paid in full during fiscal year 2007. The Township did not have any outstanding debt as of December 31, 2007.

Note 11 – Leases

The Township leases computer equipment under non-cancelable leases. The Township disbursed \$2,350 for the year ended December 31, 2007 and \$2,350 for the year ended December 31, 2006 to pay lease costs. The Township will disburse a final payment of \$2,350 to pay lease costs in fiscal year 2008.

Note 12 – Interfund Transfers

During 2007 the following transfer was made:

Transfers from the General Fund to:	
Permanent Improvement Fund	\$100,000
Total Transfers from the General Fund	<u>\$100,000</u>

During 2006 the following transfer was made:

Transfers from the General Fund to:	
Permanent Improvement Fund	\$35,000
Total Transfers from the General Fund	<u>\$35,000</u>

Huntsburg Township
Geauga County
Notes to the Financial Statements
For the Years Ended December 31, 2007 and December 31, 2006
(Continued)

Note 12 – Interfund Transfers (Continued)

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance the hard surfacing of roads in the Permanent Improvement Fund in accordance with budgetary authorizations.

Note 13 – Related Party Transactions

The owner of Anderson Oil is the nephew of a Township Trustee. The Township obtains their diesel fuel from Anderson Oil. The Township paid \$15,330 and \$14,911 to Anderson Oil in 2007 and 2006.

Note 14 – Change in Accounting Principles

The Village has implemented Governmental Accounting Standards Board (GASB) Statement No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension”.

GASB Statement No. 45 improves the relevance and usefulness of financial reporting by requiring systematic, accrual-basis measurement and recognition of OPEB costs over a period that approximates employees’ years of service and providing information about actuarial accrued liabilities associated with OPEB and whether and to what extent progress is being made in funding a plan. The implementation of this statement did not result in any change to the Village’s financial statements.



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*

Huntsburg Township
Geauga County
16534 Mayfield Road
PO Box 280
Huntsburg, Ohio 44046

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Huntsburg Township, Geauga County, Ohio (the Township) as of and for the years ended December 31, 2007 and December 31, 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated July 22, 2008, wherein we noted the Township changed its financial statement presentation and disclosures to conform with a comprehensive cash basis. 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 opinions 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.

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.

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 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. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Township's management in a separate letter dated July 22, 2008.

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 an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-001.

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

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



Mary Taylor, CPA
Auditor of State

July 22, 2008

HUNTSBURG TOWNSHIP
GEAUGA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2007 and DECEMBER 31, 2006

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

Finding Number	2007-001
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Finding for Recovery Repaid Under Audit

During a review of the payroll transactions, we noted that Christopher Whitney, Cemetery Sexton/ Road Supervisor, was overpaid for fiscal year 2006.

Upon implementation of pay raises effective July 1, 2006, Christopher Whitney's pay rate of \$17.25/hour was incorrectly entered into the system as \$17.75/hour, resulting in overpayment of \$0.50 per hour for the remainder of the year for a total of 1057.06 regular hours and 21.93 overtime hours. In addition, Mr. Whitney was incorrectly paid for one hour more than was worked during fiscal year 2006. Mr. Whitney's overpayment amounted to a total of \$561.73, calculated as listed below:

1057.06 regular hours x \$0.50/hour =	\$528.53
21.93 overtime hours x (\$0.50 x 1.5)/hour =	\$16.45
1 hour x \$16.75/hour =	<u>\$16.75</u>
	<u>\$561.73</u>

In accordance with the foregoing facts, and pursuant to Ohio Revised Code 117.28, a Finding for Recovery for public monies improperly expended is hereby issued against Christopher Whitney, Huntsburg Township Cemetery Sexton/ Road Supervisor, Nancy J. Saunders, former Fiscal Officer, Clark M. Adams, Trustee, Nancy J. Kothera, Trustee, Peter T. Seliskar, former Trustee, and the Ohio Township Association Risk Management Authority, their bonding company, jointly and severally, in favor of Huntsburg Township and in the amount of \$561.73.

The Fiscal Officer and the Trustees should closely monitor pay rates and ensure employees are being paid at the correct approved rates. In addition, the Township should notify Ohio Public Employees Retirement System to see if any gross pay reductions should be made.

This finding for recovery was repaid under audit by Nancy J. Saunders, former Fiscal Officer, on July 10, 2008.

Management's Response:

The Township agrees that the overpayment resulted from an error when entering the new pay rate into the computer system. The former Fiscal Officer, Nancy Saunders, has voluntarily funded this finding for recovery in the amount of \$561.73.

HUNTSBURG TOWNSHIP
GEAUGA COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND DECEMBER 31, 2006

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	Ohio Revised Code Section 511.13 – Related Party Transactions	Yes	



Mary Taylor, CPA
Auditor of State

HUNTSBURG TOWNSHIP

GEAUGA COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 14, 2008**