



Mary Taylor, CPA
Auditor of State

HUNTINGTON TOWNSHIP
BROWN COUNTY

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Mary Taylor, CPA

Auditor of State

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

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

Mary Taylor, CPA
Auditor of State

October 21, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

We have audited the accompanying financial statements of Huntington Township, Brown County, Ohio (the Township), as of and for the years ended December 31, 2008 and 2007. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in 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, during 2008 and 2007, the Township prepared their financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2008 and 2007 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2008 and 2007, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserve for encumbrances of the Huntington Township, Brown County, as of December 31, 2008 and 2007, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2009, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

October 21, 2009

**HUNTINGTON TOWNSHIP
BROWN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property and Local Taxes	\$46,337	\$135,261		\$181,598
Intergovernmental	30,362	128,543		158,905
Charges For Services		41,525		41,525
Fines, Licenses and Permits		3,050		3,050
Earnings on Investments	786	1,384	\$66	2,236
Miscellaneous	118	7,283		7,401
	<u>77,603</u>	<u>317,046</u>	<u>66</u>	<u>394,715</u>
Cash Disbursements:				
Current:				
General Government	69,568			69,568
Public Safety		135,548		135,548
Public Works		52,414		52,414
Health		11,197	33	11,230
Capital Outlay		38,585		38,585
Debt Service:				
Redemption of Principal		16,427		16,427
Interest and Fiscal Charges		3,236		3,236
	<u>69,568</u>	<u>257,407</u>	<u>33</u>	<u>327,008</u>
Total Receipts Over Disbursements	<u>8,035</u>	<u>59,639</u>	<u>33</u>	<u>67,707</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		9		9
Transfers-Out	(9)			(9)
	<u>(9)</u>	<u>9</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	8,026	59,648	33	67,707
Fund Cash Balances, January 1	<u>8,594</u>	<u>319,003</u>	<u>2,151</u>	<u>329,748</u>
Fund Cash Balances, December 31	<u>\$16,620</u>	<u>\$378,651</u>	<u>\$2,184</u>	<u>\$397,455</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$140,000</u>	<u>\$0</u>	<u>\$140,000</u>

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

**HUNTINGTON TOWNSHIP
BROWN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>General</u>	<u>Special Revenue</u>	<u>Permanent</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts:				
Property and Local Taxes	\$46,252	\$132,965		\$179,217
Intergovernmental	29,418	118,283		147,701
Charges for Services		55,612		55,612
Fines, Licenses and Permits		5,900		5,900
Earnings on Investments	545	1,081	\$84	1,710
Miscellaneous	384	6,044		6,428
	<u>76,599</u>	<u>319,885</u>	<u>84</u>	<u>396,568</u>
Cash Disbursements:				
Current:				
General Government	71,534			71,534
Public Safety		128,774		128,774
Public Works		27,764		27,764
Health	4,295	7,657	42	11,994
Capital Outlay		23,500		23,500
Debt Service:				
Redemption of Principal		35,112		35,112
Interest and Fiscal Charges		4,674		4,674
	<u>75,829</u>	<u>227,481</u>	<u>42</u>	<u>303,352</u>
Total Cash Disbursements	<u>75,829</u>	<u>227,481</u>	<u>42</u>	<u>303,352</u>
Total Receipts Over Cash Disbursements	<u>770</u>	<u>92,404</u>	<u>42</u>	<u>93,216</u>
Other Financing Receipts/(Disbursements):				
Transfers In		336		336
Transfers Out	(336)			(336)
	<u>(336)</u>	<u>336</u>	<u>0</u>	<u>0</u>
Total Other Financing Receipts/(Disbursements)	<u>(336)</u>	<u>336</u>	<u>0</u>	<u>0</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	434	92,740	42	93,216
Fund Cash Balances, January 1	<u>8,160</u>	<u>226,263</u>	<u>2,109</u>	<u>236,532</u>
Fund Cash Balances, December 31	<u>\$8,594</u>	<u>\$319,003</u>	<u>\$2,151</u>	<u>\$329,748</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$32,960</u>	<u>\$0</u>	<u>\$32,960</u>

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

**HUNTINGTON TOWNSHIP
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007**

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, Brown 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 governmental services, road maintenance, cemetery maintenance, fire protection, and emergency medical services.

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

B. Accounting Basis

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

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

C. Cash and Deposits

The Township deposits all available funds in an interest earning checking account, a savings account, and certificates of deposit at a local commercial bank.

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Funds

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

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

Fire and EMS Levy Fund – This fund receives proceeds from the property tax levy for providing fire protection and emergency medical services to Township residents.

**HUNTINGTON TOWNSHIP
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

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

2. Permanent Funds

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

Seeks Trust Fund and Brookover Trust Fund - These funds receive interest earned on the nonexpendable corpus from trust agreements. The earnings are used for the general maintenance and upkeep of the township's cemetery.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be re-appropriated. The Township has included an audit adjustment in the accompanying budgetary presentation for material items that should have been encumbered.

A summary of 2008 and 2007 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.

**HUNTINGTON TOWNSHIP
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

2. Equity in Pooled Cash

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

	2008	2007
Demand deposits	\$380,183	\$311,709
Savings account	5,322	4,613
Certificates of deposit	11,950	13,426
Total Deposits	\$397,455	\$329,748

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$76,625	\$77,603	\$978
Special Revenue	331,833	317,055	(14,778)
Permanent	90	66	(24)
Total	\$408,548	\$394,724	(\$13,824)

In 2008 the Township over estimated receipts in the Gasoline Tax Fund and in the Life Squad Fund by significant amounts, and the excess was appropriated.

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$85,193	\$69,577	\$15,616
Special Revenue	684,610	397,407	287,203
Permanent	241	33	208
Total	\$770,044	\$467,017	\$303,027

**HUNTINGTON TOWNSHIP
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

3. Budgetary Activity (Continued)

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$77,608	\$76,599	(\$1,009)
Special Revenue	317,464	320,221	2,757
Permanent	90	84	(6)
Total	\$395,162	\$396,904	\$1,742

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$85,769	\$76,165	\$9,604
Special Revenue	542,727	260,441	282,286
Permanent	199	42	157
Total	\$628,695	\$336,648	\$292,047

Estimated receipts exceeded actual receipts and the excess was appropriated in the Gasoline Tax Fund and Life Squad Fund in 2008.

4. Debt

Debt outstanding at December 31, 2008 was as follows:

	Principal	Interest Rate
Fire House Improvement Note	\$45,174	5.7%
Tractor Installment Purchase	16,962	0%
Total	\$62,136	

The Fire House Improvement Note was issued in 2001 to finance the improvement of the fire house. The loan is collateralized by 1.8975 acres of real estate plus improvements located in Huntington Township. The tractor installment purchase was entered into in 2008.

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

	Fire House Improvement Note	Tractor Installment Purchase
Year ending December 31:		
2009	\$19,663	\$5,654
2010	19,663	5,654
2011	9,832	5,654
Total	\$49,158	\$16,962

**HUNTINGTON TOWNSHIP
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

5. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Board of 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, 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.

6. Retirement Systems

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

The Ohio Revised Code also prescribes contribution rates. For 2008 and 2007, the OPERS member contributed 10% and 9.5%, respectively, of his gross salary and the Township contributed an amount equaling 14% and 13.85%, respectively, of the participant's gross salary. The Township has paid all contributions required through December 31, 2008.

The Township volunteer firemen and life squad members and officers belong to the Social Security System. For 2008 and 2007, members and the Township each contributed 6.2% of the participant's gross wages.

7. Risk Management

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member townships pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**HUNTINGTON TOWNSHIP
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

7. Risk Management (Continued)

Casualty Coverage

For an occurrence prior to January 1, 2006 OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions

to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Townships can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

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

Property Coverage

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

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for

specific losses exceeding \$100,000 up to \$300,000 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 in 2006, or \$100,000 and \$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.

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

Financial Position

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

**HUNTINGTON TOWNSHIP
BROWN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2008 AND 2007
(Continued)**

7. Risk Management (Continued)

	<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 townships 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. 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 \$2,975. This payable includes the subsequent year' 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.

<u>Township Contributions to OTARMA</u>	
2006	\$4,532
2007	3,153
2008	3,165

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA. They must provide 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 was incurred or reported prior to the withdrawal.

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Mary Taylor, CPA

Auditor of State

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

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

To the Board of Trustees:

We have audited the financial statements of Huntington Township, Brown County, Ohio (the Township), as of and for the year ended December 31, 2008 and 2007, and have issued our report thereon dated October 21, 2009, wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits 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 expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

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

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

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2008-002.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe the significant deficiency described above is a material weakness.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated October 21, 2009.

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 2008-002.

We did note certain noncompliance or other matters that we reported to the Township's management in a separate letter dated October 21, 2009.

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



Mary Taylor, CPA
Auditor of State

October 21, 2009

**HUNTINGTON TOWNSHIP
BROWN COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2008 AND 2007**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2008-001

Material Noncompliance

Ohio Rev. Code, Section 5705.36(A), provides in part that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

Actual receipts were less than estimated receipts and the deficiency reduced available resources below the level of current appropriations:

Fund	Available Resources (Beginning Fund Balance Plus Actual Receipts)	Appropriations	Variance
2008			
Gasoline Tax Fund	\$ 146,158	\$178,625	\$(32,467)
Life Squad Fund	122,115	136,201	(14,086)

Over estimating receipts could result in spending more funds than received. When it is determined receipts are going to be less than originally estimated, an amended certificate should be obtained and appropriations reduced, if necessary.

FINDING NUMBER 2008-002

Material Weakness

The following significant transactions were not posted to the correct transaction line-item account and were reported improperly on the annual financial report financial statements:

Fund	Item	Amount	Financial Statement Transaction Line-Item Reported	Correct Financial Statement Transaction Line- Item
2007				
Special Revenue – Gasoline Tax Fund	Purchase of backhoe	\$23,500	Public Works	Capital Outlay
2008				
Special Revenue – Gasoline Tax Fund	Payment for pole building addition	32,960	Public Works	Capital Outlay

Failure to properly post transactions resulted in transactions being inaccurately classified in the annual report. The Township made reclassifications on the accompanying financial statements to correct the significant items. We recommend that the Fiscal Officer review the chart of accounts in the *Ohio Township Handbook* to assure that items are being posted to the proper account codes.

Officials did not respond to the findings reported above.

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**HUNTINGTON TOWNSHIP
BROWN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2008 AND 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001	Section 5705.39 appropriations exceeded certified resources	No	Partially corrected. Reissued in management letter
2006-002	Section 505.42 bidding requirements not followed for work on rescue unit vehicle	Yes	



Mary Taylor, CPA
Auditor of State

HUNTINGTON TOWNSHIP

BROWN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 5, 2009**