



**HUNTINGTON TOWNSHIP
GALLIA COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**HUNTINGTON TOWNSHIP
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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701

Telephone 740-594-3300
800-441-1389

Facsimile 740-594-2110

REPORT OF INDEPENDENT ACCOUNTANTS

Huntington Township
Gallia County
P.O. Box 21
Vinton, Ohio 45686

To the Board of Trustees:

We have audited the accompanying financial statements of Huntington Township, Gallia County, Ohio, (the Township) as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Township prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Huntington Township, Gallia County, as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 22, 2000 on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of the management, the Board of Trustees and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

August 22, 2000

**HUNTINGTON TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$11,066	\$10,598	\$21,664
Intergovernmental	12,842	71,008	83,850
Earnings on Investments	2,480	115	2,595
Other Revenue	32	71	103
	<u>26,420</u>	<u>81,792</u>	<u>108,212</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	17,715		17,715
Public Safety		8,088	8,088
Public Works		50,612	50,612
Health	3,422		3,422
Capital Outlay	436	66,618	67,054
	<u>21,573</u>	<u>125,318</u>	<u>146,891</u>
Total Cash Disbursements			
	<u>21,573</u>	<u>125,318</u>	<u>146,891</u>
Total Receipts Over/(Under) Disbursements	<u>4,847</u>	<u>(43,526)</u>	<u>(38,679)</u>
Other Financing Sources:			
Proceeds from Sale of Public Debt:			
Sale of Notes		33,500	33,500
Sale of Fixed Assets		21,500	21,500
		<u>55,000</u>	<u>55,000</u>
Total Other Financing Sources	<u>0</u>	<u>55,000</u>	<u>55,000</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements	<u>4,847</u>	<u>11,474</u>	<u>16,321</u>
Fund Cash Balances, January 1	<u>28,673</u>	<u>115,052</u>	<u>143,725</u>
Fund Cash Balances, December 31	<u>\$33,520</u>	<u>\$126,526</u>	<u>\$160,046</u>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**HUNTINGTON TOWNSHIP
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$9,121	\$8,721	\$17,842
Intergovernmental	12,180	62,536	74,716
Earnings on Investments	3,106	44	3,150
Other Revenue	316	2,501	2,817
	<u>24,723</u>	<u>73,802</u>	<u>98,525</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
General Government	19,229		19,229
Public Safety		8,167	8,167
Public Works		64,245	64,245
Health	3,300		3,300
Capital Outlay		8,801	8,801
	<u>22,529</u>	<u>81,213</u>	<u>103,742</u>
Total Cash Disbursements			
Total Receipts Over/(Under) Disbursements	<u>2,194</u>	<u>(7,411)</u>	<u>(5,217)</u>
Fund Cash Balances, January 1	<u>26,479</u>	<u>122,463</u>	<u>148,942</u>
Fund Cash Balances, December 31	<u>\$28,673</u>	<u>\$115,052</u>	<u>\$143,725</u>
Reserve for Encumbrances, December 31	<u>\$83</u>	<u>\$6,169</u>	<u>\$6,252</u>

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

**HUNTINGTON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Huntington Township, Gallia County, (the Township) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees. The Township provides general governmental services, including road and bridge maintenance, cemetery maintenance and fire protection.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash and Investments

The Township did not have any investments during the audit period.

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 is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

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

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

Federal Emergency Management Agency Fund - This fund received money to repair damage from flooding.

**HUNTINGTON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 reappropriated.

A summary of 1999 and 1998 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH

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

	<u>1999</u>	<u>1998</u>
Demand deposits	<u>\$160,046</u>	<u>\$143,725</u>

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

**HUNTINGTON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$26,287	\$26,420	\$133
Special Revenue	84,551	136,792	52,241
Total	\$110,838	\$163,212	\$52,374

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$54,959	\$21,573	\$33,386
Special Revenue	186,004	125,318	60,686
Total	\$240,963	\$146,891	\$94,072

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$26,600	\$24,723	(\$1,877)
Special Revenue	77,850	73,802	(4,048)
Total	\$104,450	\$98,525	(\$5,925)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$53,079	\$22,612	\$30,467
Special Revenue	194,149	87,382	106,767
Total	\$247,228	\$109,994	\$137,234

4. PROPERTY TAX

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

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

**HUNTINGTON TOWNSHIP
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

4. PROPERTY TAX (Continued)

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

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

5. DEBT

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
Road Grader Loan	\$33,500	5.9%

The Road Grader Loan was obtained to finance the purchase of a new Galion/Dresser 850 Road Grader to be used for Township road maintenance.

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

Year ending December 31:	Road Grader Loan
2000	\$7,931
2001	7,931
2002	7,931
2003	7,931
2004	7,931
Total	\$39,655

6. RETIREMENT SYSTEMS

The Township's officials belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all contributions required through December 31, 1999.

7. RISK MANAGEMENT

The Township has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions



**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Huntington Township
Gallia County
P.O. Box 21
Vinton, Ohio 45686

To the Board of Trustees:

We have audited the accompanying financial statements of Huntington Township, Gallia County, Ohio (the Township), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated August 22, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 1999-40727-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the Township in a separate letter dated August 22, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Township in a separate letter dated August 22, 2000.

Huntington Township
Gallia County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

August 22, 2000

**HUNTINGTON TOWNSHIP
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-40727-001

Finding for Recovery

According to Auditor of State Bulletin 96-002, under Ohio Rev. Code Section 505.60, a Township may reimburse Trustees, the Clerk, and employees for their out-of-pocket group insurance premiums for insurance obtained elsewhere provided the following conditions are met:

First, if a Township elects to reimburse for out-of-pocket group insurance premiums rather than procuring a group plan, it must do so by a resolution. The resolution must specifically state that the Township has chosen not to procure a group plan and is opting for reimbursement instead.

Second, the resolution must provide for a maximum amount per person per month or per year up to which the Township will pay. In other words, the resolution should set a "not to exceed" reimbursement amount.

Third, the resolution must list the types of coverages for which the Township will reimburse and offer all Trustees, the Clerk, and employees reimbursement for those coverages. Coverages other than the types listed in Ohio Rev. Code Section 505.60 cannot be reimbursed by the Township.

Huntington Township has been reimbursing its Trustees and Clerk for their out-of-pocket insurance premiums for several years without having ever passed a resolution. Trustee Bill Petrie was receiving \$85 per month for insurance reimbursement until January 1999 when he began receiving \$140 per month. Ohio Const. Art. II, Section 20 states that the General Assembly shall fix the compensation of all officers, but no change therein shall affect the salary of any officer during his existing term. The additional insurance premium payments constitute compensation and since this occurred during Mr. Petrie's term of office, this constitutes an in-term increase in compensation which is prohibited.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Bill Petrie, Trustee, and Western Surety Company, jointly and severally, in the amount of six hundred sixty dollars (\$660.00) and in favor of the General Fund of Huntington Township.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

HUNTINGTON TOWNSHIP

GALLIA 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
SEPTEMBER 19, 2000**