



**HUNTINGTON TOWNSHIP  
LORAIN COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED DECEMBER 31, 2001-2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



HUNTINGTON TOWNSHIP  
LORAIN COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Trustees:

We have audited the accompanying financial statements of Huntington Township, Lorain County, Ohio, (the Township) as of and for the years ended December 31, 2001 and December 31, 2000. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits 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 audits provide 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 of Huntington Township, Lorain County, Ohio, as of December 31, 2001 and December 31, 2000, 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 July 5, 2002 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

This report is intended solely for the information and use of 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". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

**Jim Petro**  
Auditor of State

July 5, 2002

**HUNTINGTON TOWNSHIP  
LORAIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Local Taxes	\$53,822	\$38,444	\$0	\$92,266
Intergovernmental	78,231	79,424	44,088	201,743
Licenses, Permits, and Fees	0	8,270	0	8,270
Earnings on Investments	3,144	653	0	3,797
Other Revenue	3,528	7,762	0	11,290
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	138,725	134,553	44,088	317,366
<b>Cash Disbursements:</b>				
Current:				
General Government	81,292	17,948	0	99,240
Public Works	21,624	113,571	0	135,195
Health	4,693	5,152	0	9,845
Conservation - Recreation	300	0	0	300
Capital Outlay	99,950	500	44,088	144,538
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	207,859	137,171	44,088	389,118
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	(69,134)	(2,618)	0	(71,752)
<b>Other Financing Receipts and (Disbursements):</b>				
Advances-In	0	1,529	0	1,529
Advances-Out	(1,529)	0	0	(1,529)
Other Sources	1,304	0	0	1,304
Other Uses	(2,399)	0	0	(2,399)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(2,624)	1,529	0	(1,095)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	(71,758)	(1,089)	0	(72,847)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>	<hr/>
	119,248	28,449	0	147,697
<b>Fund Cash Balances, December 31</b>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	<b>\$47,490</b>	<b>\$27,360</b>	<b>\$0</b>	<b>\$74,850</b>

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

**HUNTINGTON TOWNSHIP  
LORAIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Cash Receipts:</b>				
Local Taxes	\$46,089	\$32,921	\$0	\$79,010
Intergovernmental	66,402	78,908	74,637	219,947
Fines, Forfeitures, and Penalties	0	6,564	0	6,564
Earnings on Investments	5,946	1,226	0	7,172
Other Revenue	1,409	3,127	0	4,536
	<b>119,846</b>	<b>122,746</b>	<b>74,637</b>	<b>317,229</b>
<b>Cash Disbursements:</b>				
Current:				
General Government	69,915	2,103	0	72,018
Public Safety	491		0	491
Public Works	23,117	79,647	0	102,764
Health	4,616	4,416	0	9,032
Miscellaneous	0	10,382	0	10,382
Interest and Fiscal Charges	650	0	0	650
Capital Outlay	33,796	16,386	74,637	124,819
	<b>132,585</b>	<b>112,934</b>	<b>74,637</b>	<b>320,156</b>
Total Cash Disbursements	<b>132,585</b>	<b>112,934</b>	<b>74,637</b>	<b>320,156</b>
Total Receipts Over/(Under) Disbursements	<b>(12,739)</b>	<b>9,812</b>	<b>0</b>	<b>(2,927)</b>
<b>Other Financing Receipts and (Disbursements):</b>				
Advances-In	1,000	1,000	0	2,000
Advances-Out	(1,000)	(1,000)	0	(2,000)
Other Sources	862	590	0	1,452
Other Uses	(972)	0	0	(972)
	<b>(110)</b>	<b>590</b>	<b>0</b>	<b>480</b>
Total Other Financing Receipts/(Disbursements)	<b>(110)</b>	<b>590</b>	<b>0</b>	<b>480</b>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<b>(12,849)</b>	<b>10,402</b>	<b>0</b>	<b>(2,447)</b>
Fund Cash Balances, January 1	<b>132,097</b>	<b>18,047</b>	<b>0</b>	<b>150,144</b>
<b>Fund Cash Balances, December 31</b>	<b>\$119,248</b>	<b>\$28,449</b>	<b>\$0</b>	<b>\$147,697</b>

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



**HUNTINGTON TOWNSHIP  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Huntington Township, Lorain County, Ohio, (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 road and bridge maintenance, cemetery maintenance, fire protection and emergency medical services. The Township's police protection is provided by the Lorain County Sheriff, and the Township is member of the Wellington Community Fire District which provides fire services and the South Lorain County Ambulance District which provides ambulance services.

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**

Investments are included in fund cash balances. 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 sales are recorded as receipts or disbursements, respectively.

The investment in STAR Ohio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

**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.

**HUNTINGTON TOWNSHIP  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**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:

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

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

**3. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project funds:

*Issue II Fund* - This fund accounts for the Issue II grant received from the State of Ohio for repairs to Pratt Road.

*CDBG Fund* - This fund accounts for Community Development Block Grant monies received through the Lorain County Community Development Department for removal of architectural barriers at the township hall.

**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.

**2. Estimated Resources**

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

HUNTINGTON TOWNSHIP  
LORAIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end, if any, are carried over, and need not be reappropriated. There were no outstanding encumbrances for these years. The Township did not encumber all commitments required by Ohio law.

A summary of 2001 and 2000 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 AND INVESTMENTS

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

	2001	2000
Demand deposits	<u>\$17,369</u>	<u>\$28,616</u>
Total deposits	<u>17,369</u>	<u>28,616</u>
STAR Ohio	<u>57,481</u>	<u>119,081</u>
Total investments	<u>57,481</u>	<u>119,081</u>
Total deposits and investments	<u><u>\$74,850</u></u>	<u><u>\$147,697</u></u>

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

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

**HUNTINGTON TOWNSHIP  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$119,818	\$140,029	\$20,211
Special Revenue	224,554	134,553	(90,001)
Capital Projects	60,000	44,088	(15,912)
Total	<u>\$404,372</u>	<u>\$318,670</u>	<u>(\$85,702)</u>

2001 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$242,201	\$210,258	\$31,943
Special Revenue	249,867	137,171	112,696
Capital Projects	60,000	44,088	15,912
Total	<u>\$552,068</u>	<u>\$391,517</u>	<u>\$160,551</u>

2000 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$104,993	\$120,708	\$15,715
Special Revenue	207,964	123,336	(84,628)
Capital Projects	58,000	74,637	16,637
Total	<u>\$370,957</u>	<u>\$318,681</u>	<u>(\$52,276)</u>

2000 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$237,089	\$133,557	\$103,532
Special Revenue	226,011	112,934	113,077
Capital Projects	102,088	74,637	27,451
Total	<u>\$565,188</u>	<u>\$321,128</u>	<u>\$244,060</u>

Contrary to Ohio Revised Code Sections 5705.36, the Township certified, to the county auditor, tax revenues not due to the township in FY 2001 and 2000.

The Township did not always certify the availability and encumber funds, prior to making any contract or ordering any expenditure of money, in either year under audit, contrary to Ohio Revised Code Section 5705.41(D).

**HUNTINGTON TOWNSHIP  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

Contrary to Ohio Revised Code Section 5705.09(F), the Township did not establish a fund nor did it account for Community Development Block Grant monies in either year under audit. Additionally, the Township did not budget for these amounts paid on behalf of the Township which is contrary to Ohio Revised Code Section 5705.39.

Contrary to Ohio Revised Code Section 5705.41(B), budgetary expenditures exceeded appropriation authority at the object level, which is the legal level of budgetary control for the Township, for the Improvement of Sites line item, at the object level, in the Zoning Fund at December 31, 2001.

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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.

Tangible personal property tax is assessed by the property owners, who must file a list of such property with 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. CAPITAL LEASE**

In 1998 the Township entered into a capital lease with annual payments of \$7,368 for a tractor. The lease includes a bargain purchase option at lease termination.

The lease obligation outstanding at December 31, 2001 was as follows:

<u>Payment Due Date:</u>	<u>Payment Amount</u>
April 29, 2002	<u>\$7,368</u>
Total	<u><u>\$7,368</u></u>

**6. RETIREMENT SYSTEMS**

The Township's employees 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.

**HUNTINGTON TOWNSHIP  
LORAIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**6. RETIREMENT SYSTEMS (Continued)**

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced the employer contribution rate to 8.13%, effective July 1, 2000 through December 31, 2000. The Township has paid all contributions required through December 31, 2001.

**7. RISK MANAGEMENT**

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 governments 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. Claims exceeding \$250,000 are reinsured with APEEP up to \$1,750,000 per claim and \$5,000,000 in the aggregate per year. Governments can elect additional coverage, from \$2,000,000 to \$10,000,000, which the General Reinsurance Corporation will insure.

Property Coverage

OTARMA retains property risks including automobile physical damage up to \$100,000 on any specific loss. The Travelers Indemnity Company reinsures specific losses exceeding \$100,000. The Travelers Indemnity Company also provides aggregate excess coverage for property including automobile physical damage subject to an annual stop loss. When the stop loss is reached in any year, the Travelers Indemnity Company provides coverage in excess of \$10,000.

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 government.

Financial Position

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

<u>Casualty Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$23,703,776	\$22,684,383
Liabilities	<u>9,379,003</u>	<u>8,924,977</u>
Retained earnings	<u>\$14,324,773</u>	<u>\$13,759,406</u>

HUNTINGTON TOWNSHIP  
LORAIN COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)

7. RISK MANAGEMENT (Continued)

<u>Property Coverage</u>	<u>2001</u>	<u>2000</u>
Assets	\$5,011,131	\$4,156,784
Liabilities	<u>647,667</u>	<u>497,831</u>
Retained earnings	<u>\$4,363,464</u>	<u>\$3,658,953</u>

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**STATE OF OHIO  
OFFICE OF THE AUDITOR**

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

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

To the Board of Trustees:

We have audited the accompanying financial statements of Huntington Township, Lorain County, Ohio, (the Township) as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated July 5, 2002. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**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 the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-40847-001, 2001-40847-002, 2001-40847-003, 2001-40847-004, and 2001-40847-005. We also noted a certain immaterial instance of noncompliance that we have reported to management of the Township in a separate letter dated July 5, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audits, 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 July 5, 2002.

Huntington Township  
Lorain County  
Report on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

This report is intended solely for the information and use of 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 stylized with a large loop at the end.

**Jim Petro**  
Auditor of State

July 5, 2002

**HUNTINGTON TOWNSHIP  
LORAIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000**

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

**FINDING NUMBER 2001-40847-001**

During the fiscal year 2000, the Huntington Township Clerk incorrectly paid the zoning secretary, Marie D. Bradish, \$150.00 in excess of the amount she was entitled to for meeting attendance. On April 30, 2002, the full amount was remitted to the Township by the Township Clerk.

In accordance with the forgoing facts, and pursuant to the Ohio Revised Code Section 117.28, a Finding for Recovery for public monies improperly expended is hereby issued against Marie D. Bradish, Zoning Secretary, Margaret Harris, Township Clerk, and Township Trustees Burt Rollin, Mary Beth Derikito, and Ernest Hartman, jointly and severally, in the amount noted above and in favor of Huntington Township.

As noted above, all amounts due the Township have been recovered.

We recommend the Township develop and implement procedures over board meeting compensation payments which will enable the Township Clerk and Trustees to detect errors and irregularities during the performance of their duties in a timely manner.

**FINDING NUMBER 2001-40847-002**

Ohio Revised Code Section 5705.41(D), requires in part that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from previous encumbrances.

This section also provides two exceptions to the above requirements:

- A. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, the Board of Trustees may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within thirty days from the receipt of such certificates, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Board of Trustees.

During 2001 and 2000, in 40 out of 60 items tested, the Township Clerk certified the availability of funds after the purchase commitment was already made.

We recommend that the Township certify the availability of funds prior to making purchase commitments. We also recommend the Township utilize the "Then and Now Certificates" when appropriate.

**HUNTINGTON TOWNSHIP  
LORAIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

**FINDING NUMBER 2001-40847-003**

Ohio Rev. Code Section 5705.36 requires in part that on or about the first day of each fiscal year, the fiscal officers of subdivisions and other taxing units are to certify to the county auditor the total amount from all sources which is available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the proceeding year.

In fiscal year 2001, the Township incorrectly included \$41,100 in tax revenues of the South Lorain County Ambulance District and \$52,051 in tax revenues of the Wellington Community Fire District, which are separate taxing authorities, in the total amount from all sources which was available for expenditures from each fund in the amounts it certified to the county auditor.

In fiscal year 2000, the Township incorrectly included \$39,636 in tax revenues of the South Lorain County Ambulance District and \$42,373 in tax revenues of the Wellington Community Fire District, which are separate taxing authorities in the total amount from all sources which was available for expenditures from each fund in the amounts it certified to the county auditor.

Per Ohio Rev. Code Sections 505.24 and 507.09, the compensation of township trustees and clerks is based on the township's budget. 1999 Op. Att'y Gen. No. 99-015 states in part "for purposes of calculating the authorized compensation of the township trustees and the township clerk pursuant to Ohio Rev. Code Sections 505.24 and R.C. 507.09, the term "budget" refers to the total amount of resources available to the township pursuant to the official certificate of estimated resources or amendments to the certificate."

Incorrectly including the South Lorain County Ambulance District and Wellington Community Fire District tax revenues on the Township's certificate of estimated resources caused the Township Trustees and Clerk to be over compensated because these additional amounts elevated the budget into a range which provided a higher level of compensation. For 2001 and 2000 the Clerk was paid \$1,202 and \$749.50, respectively, per year, in excess of the maximum allowable. For 2001 and 2000 the Township Trustees were paid \$437.00 and \$434.96, respectively, per year, in excess of the maximum allowable.

The Township should take steps to ensure that only township revenues and allowable revenues and fund balances are certified to the county auditor per the above Ohio Rev. Code Sections.

**FINDING NUMBER 2001-40847-004**

Ohio Rev. Code Section 5705.09 (F) requires, in part, that a special fund be created for each class of revenues which the law requires to be used for a particular purpose. Failure to create such a fund classification also means budget requirements will not be adhered to. Additionally, Ohio Rev. Code Section 5705.39 prohibits a political subdivision from making a fund appropriation in excess of estimated resources available for expenditure from the fund. Ohio Rev. Code Section 5705.40, requires that any appropriation measure may be amended or supplemented as long as the entity complies with the same provisions of the law as are used in making the original appropriation.

**HUNTINGTON TOWNSHIP  
LORAIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

**FINDING NUMBER 2001-40847-004  
(Continued)**

In 2001 and 2000, the Township received \$44,088 and \$30,518, respectively, in Community Development Block Grant (CDBG) monies through the Lorain County Community Development Department for removal of architectural barriers at the township hall. The Township did not create the required fund and did not budget for this amount paid on behalf of the Township by the Lorain County Community Development Department during the year.

We recommend the Township create the appropriate fund(s) and include CDBG monies in the budget for approval by the Board of Trustees.

**FINDING NUMBER 2001-40847-005**

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing unit from making an expenditure unless it has been properly appropriated. The Township's legal level of budgetary control is at the object level.

The following fund had expenditures exceeding appropriations at the legal level of budgetary control on December 31, 2001:

<u>Fund/Function/Object</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Variance</u>
Zoning Fund			
Improvement of Sites	\$ 0	\$ 5,600	(\$ 5,600)

This weakness could allow expenditures in the above fund to exceed the total of the available fund balance and the current year revenues. This would then result in a negative cash fund balance.

We recommend the Township compare appropriations to expenditures and appropriations to expenditures plus encumbrances at the legal level of budgetary control, in all funds which are legally required to be budgeted, to ensure compliance with budgetary requirements. This comparison should be performed on a monthly basis, at minimum.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**HUNTINGTON TOWNSHIP**

**LORAIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
AUGUST 22, 2002**