



**Auditor of State
Betty Montgomery**

HUNTSBURG TOWNSHIP
GEAUGA COUNTY

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**Auditor of State
Betty Montgomery**

Board of Trustees
Huntsburg Township
Geauga County
16534 Mayfield Road, P.O. Box 280
Huntsburg, Ohio 44046

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 a February 2, 2005 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 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.

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Betty Montgomery
Auditor of State

June 21, 2006

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Board of Trustees
Huntsburg Township
Geauga County
16534 Mayfield Road, P.O. Box 280
Huntsburg, Ohio 44046

To the Board of Trustees:

We have audited the accompanying financial statements of Huntsburg Township, Geauga County, Ohio, (the Township) as of and for the years ended December 31, 2005 and December 31, 2004. 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. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Township to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. 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 the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Township has elected not to reformat its statements. Since this Township does not use GAAP to measure financial statement amounts, 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, 2005 and December 31, 2004 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, 2005 and December 31, 2004, 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 reserves for encumbrances of Huntsburg Township, Geauga County, Ohio, as of December 31, 2005 and December 31, 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion and Analysis for the years ended December 31, 2005 and December 31, 2004. 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 June 21, 2006, 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.



Betty Montgomery
Auditor of State

June 21, 2006

**HUNTSBURG TOWNSHIP
GEAUGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Fiduciary Fund</u>	
Cash Receipts:					
Local Taxes	\$106,530	\$259,650	\$0	\$0	\$366,180
Intergovernmental	114,937	118,526	0	0	233,463
Licenses, Permits, and Fees	6,890	0	0	0	6,890
Earnings on Investments	9,303	1,054	0	0	10,357
Other Revenue	16,111	3,260	0	0	19,371
Total Cash Receipts	<u>253,771</u>	<u>382,490</u>	<u>0</u>	<u>0</u>	<u>636,261</u>
Cash Disbursements:					
Current:					
General Government	106,240	0	0	0	106,240
Public Safety	240	53,032	0	0	53,272
Public Works	43,591	244,947	0	0	288,538
Health	9,909	0	0	275	10,184
Conservation - Recreation	21,367	0	0	0	21,367
Capital Outlay	4,078	55	0	0	4,133
Total Cash Disbursements	<u>185,425</u>	<u>298,034</u>	<u>0</u>	<u>275</u>	<u>483,734</u>
Total Receipts Over/(Under) Disbursements	<u>68,346</u>	<u>84,456</u>	<u>0</u>	<u>(275)</u>	<u>152,527</u>
Other Financing Receipts and (Disbursements):					
Transfers-In	0	0	45,000	0	45,000
Transfers-Out	(25,000)	(20,000)	0	0	(45,000)
Other Sources	34	2,400	0	0	2,434
Total Other Financing Receipts/(Disbursements)	<u>(24,966)</u>	<u>(17,600)</u>	<u>45,000</u>	<u>0</u>	<u>2,434</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	43,380	66,856	45,000	(275)	154,961
Fund Cash Balances, January 1, 2005	36,817	84,738	78,255	275	200,085
Fund Cash Balances, December 31, 2005	<u>\$80,197</u>	<u>\$151,594</u>	<u>\$123,255</u>	<u>\$0</u>	<u>\$355,046</u>
Reserve for Encumbrances, December 31, 2005	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**HUNTSBURG TOWNSHIP
GEAUGA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
GOVERNMENTAL AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>				Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Fiduciary Fund</u>	
Cash Receipts:					
Local Taxes	\$101,554	\$229,128	\$0	\$0	\$330,682
Intergovernmental	94,980	110,129	182,981	0	388,090
Licenses, Permits, and Fees	6,403	0	0	0	6,403
Earnings on Investments	3,360	0	0	0	3,360
Other Revenue	14,797	4,085	0	0	18,882
Total Cash Receipts	<u>221,094</u>	<u>343,342</u>	<u>182,981</u>	<u>0</u>	<u>747,417</u>
Cash Disbursements:					
Current:					
General Government	108,446	0	0	0	108,446
Public Safety	240	80,871	0	0	81,111
Public Works	33,611	223,886	0	0	257,497
Health	5,601	2,100	0	0	7,701
Conservation - Recreation	17,969	0	0	0	17,969
Capital Outlay	4,211	4,734	182,981	0	191,926
Total Cash Disbursements	<u>170,078</u>	<u>311,591</u>	<u>182,981</u>	<u>0</u>	<u>664,650</u>
Total Receipts Over/(Under) Disbursements	<u>51,016</u>	<u>31,751</u>	<u>0</u>	<u>0</u>	<u>82,767</u>
Other Financing Receipts:					
Transfers-In	0	0	53,000	0	53,000
Transfers-Out	(33,000)	(20,000)	0	0	(53,000)
Other Sources	488	2,050	0	0	2,538
Total Other Financing Receipts	<u>(32,512)</u>	<u>(17,950)</u>	<u>53,000</u>	<u>0</u>	<u>2,538</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements	<u>18,504</u>	<u>13,801</u>	<u>53,000</u>	<u>0</u>	<u>85,305</u>
Fund Cash Balances, January 1, 2004	<u>18,313</u>	<u>70,937</u>	<u>25,255</u>	<u>275</u>	<u>114,780</u>
Fund Cash Balances, December 31, 2004	<u><u>\$36,817</u></u>	<u><u>\$84,738</u></u>	<u><u>\$78,255</u></u>	<u><u>\$275</u></u>	<u><u>\$200,085</u></u>
Reserve for Encumbrances, December 31, 2004	<u><u>\$394</u></u>	<u><u>\$15,769</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$16,163</u></u>

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

**HUNTSBURG TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

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 the Huntsburg Township, Geauga County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and park operations (recreation). The Township contracts with the Middlefield Volunteer Fire Department, Inc. to provide fire services. The Township police protection services are provided by the Geauga County Sheriff.

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 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 Investments

The Township had no investments at December 31, 2005 and December 31, 2004. Funds are held in a business checking account and a money market savings account.

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:

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

**HUNTSBURG TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Gasoline Tax Fund - This fund receives gasoline tax money to construct, maintain and repair Township roads.

Fire District Fund - This fund receives property tax money to provide fire protection to the Township residents.

3. Capital Projects 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 trust funds). The Township had the following significant Capital Projects Fund:

Permanent Improvement Fund – This fund is used for the purpose of providing maintenance and improvements for reconstruction and renovations of the Township roads and buildings.

4. Expendable Trust Fund (Fiduciary Fund Type)

This fund is used to account for resources restricted by legally binding trust agreements. The agreement requires the Township to maintain the corpus of the trust. The Township had the following Expendable Trust Fund:

Veterans Memorial Fund – This is a memorial fund to be used to erect a Veterans Memorial in 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 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.

**HUNTSBURG TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(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 are carried over, and need not be reappropriated.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2005</u>	<u>2004</u>
Demand deposits	<u>\$355,046</u>	<u>\$200,085</u>
Total deposits	<u><u>\$355,046</u></u>	<u><u>\$200,085</u></u>

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

**HUNTSBURG TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2005 and December 31, 2004 follows:

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$242,095	\$253,805	\$11,710
Special Revenue	385,885	384,890	(995)
Capital Projects	40,000	45,000	5,000
Total	<u>\$667,980</u>	<u>\$683,695</u>	<u>\$15,715</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$278,517	\$210,425	\$68,092
Special Revenue	454,855	318,034	136,821
Capital Projects	118,255	0	118,255
Fiduciary	275	275	0
Total	<u>\$851,902</u>	<u>\$528,734</u>	<u>\$323,168</u>

2004 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$220,450	\$221,582	\$1,132
Special Revenue	322,686	345,392	22,706
Capital Projects	212,981	235,981	23,000
Total	<u>\$756,117</u>	<u>\$802,955</u>	<u>\$46,838</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$237,242	\$203,472	\$33,770
Special Revenue	389,417	347,360	42,057
Capital Projects	238,236	182,981	55,255
Fiduciary	275	0	275
Total	<u>\$865,170</u>	<u>\$733,813</u>	<u>\$131,357</u>

**HUNTSBURG TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopt 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.

5. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, members of OPERS contributed 8.5 percent of their gross salaries. The Township contributed an amount equaling 13.55 percent of participants' gross salaries. The Township has paid all contributions required through December 31, 2005.

6. RISK MANAGEMENT

The Government 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.

**HUNTSBURG TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

6. RISK MANAGEMENT (Continued)

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. APEEP's Guarantee Fund was responsible for losses and loss adjustment expenses exceeding operating contributions.

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 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, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2005 was \$1,682,589.

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.

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 contribution, minus the subsequent year's premium. Also upon withdrawal, payments for all property and 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.

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, 2005 and 2004:

<u>Casualty Coverage</u>	<u>2005</u>	<u>2004</u>
Assets	\$30,485,638	\$28,132,620
Liabilities	<u>(12,344,576)</u>	<u>(11,086,379)</u>
Retained earnings	<u>\$18,141,062</u>	<u>\$17,046,241</u>
 <u>Property Coverage</u>	 <u>2005</u>	 <u>2004</u>
Assets	\$9,177,796	\$7,588,343
Liabilities	<u>(1,406,031)</u>	<u>(543,176)</u>
Retained earnings	<u>\$7,771,765</u>	<u>\$7,045,167</u>

**HUNTSBURG TOWNSHIP
GEAUGA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

6. RISK MANAGEMENT (Continued)

The Casualty Coverage assets and retained earnings above include approximately \$11.6 million and \$10.3 million of unpaid claims to be billed to approximately 950 member townships in the future, as of December 31, 2005 and 2004, respectively. OTARMA will collect these amounts in future annual premium billings when OTARMA's related liabilities are due for payment. The Township's share of these unpaid claims is approximately \$18,706.

7. 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 \$11,091.22 and \$13,012.45 to Anderson Oil in 2004 and 2005.

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Auditor of State Betty Montgomery

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

Board of Trustees
Huntsburg Township
Geauga County
16534 Mayfield Road, P.O. Box 280
Huntsburg, Ohio 44046

To the Board of Trustees:

We have audited the financial statements of Huntsburg Township, Geauga County, Ohio, (the Township) as of and for the years ended December 31, 2005 and December 31, 2004, and have issued our report thereon dated June 21, 2006, wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Township's management dated June 21, 2006, we reported a matter involving internal control over financial reporting we did not deem reportable a condition.

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 we must report under *Government Auditing Standards*, as item 2005-001. In a separate letter to the Township's management dated June 21, 2006, we reported another matter related to noncompliance we deemed immaterial.

Huntsburg Township
Geauga County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the audit committee, management, and 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 21, 2006

HUNTSBURG TOWNSHIP
GEAUGA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2005 AND DECEMBER 31, 2004

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

Finding Number	2005-001
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Related Party Transactions

Ohio Revised Code Section 511.13 provides that “no member of the board of township trustees or any office or employee thereof shall be interested in any contract entered into by such board.”

During our testing we noted the Township had an account with Anderson Oil Co. Anderson Oil Co. is owned by a relative of a Township Trustee. The Township trustee approved the payments and signed the respective warrants. During 2005 and 2004, the Township paid Anderson Oil Co., \$13,012 and \$11,091 respectively. It was also noted that this account was opened prior to the Township Trustee taking office.

We recommend that in order to avoid the appearance of any impropriety in this or any other business relationship, the Township Trustee should abstain from voting, discussion, or any other action involving business relationships of this type.

Management’s Response:

In the future, the Township will follow the advice of its legal counsel and the Auditor of State as mentioned above and the Township Trustee will abstain from voting, discussions, or any other action involving business relationships of this type.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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 8, 2006**