



Mary Taylor, CPA
Auditor of State

HUNTINGTON TOWNSHIP
GALLIA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2009.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2008.....	6
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	13
Schedule of Findings.....	15
Schedule of Prior Audit Findings	23

This page intentionally left blank.



Mary Taylor, CPA
Auditor of State

Huntington Township
Gallia County
P.O. Box 212
Vinton, Ohio 45686

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 Township 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 3, 2010

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Huntington Township
Gallia County
P.O. Box 212
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, 2009 and 2008. 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, 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.

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, 2009 and 2008 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, 2009 and 2008, 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 Huntington Township, Gallia County, Ohio, as of December 31, 2009 and 2008, 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 June 3, 2010, 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

June 3, 2010

**HUNTINGTON TOWNSHIP
GALLIA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$ 15,643	\$ 14,450	\$ 30,093
Intergovernmental	28,825	97,616	126,441
Earnings on Investments	244	537	781
Miscellaneous		861	861
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	44,712	113,464	158,176
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	35,281	1,557	36,838
Public Safety		13,000	13,000
Public Works		92,705	92,705
Health	5,735		5,735
Debt Service:			
Redemption of Principal		6,459	6,459
Interest and Fiscal Charges		582	582
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	41,016	114,303	155,319
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	3,696	(839)	2,857
Fund Cash Balances, January 1	35,422	164,751	200,173
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$ 39,118</u>	<u>\$ 163,912</u>	<u>\$ 203,030</u>
Reserve for Encumbrances, December 31	<u>\$ 327</u>	<u>\$ 92</u>	<u>\$ 419</u>

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

**HUNTINGTON TOWNSHIP
GALLIA 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>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Other Local Taxes	\$ 15,931	\$ 13,692	\$ 29,623
Intergovernmental	37,189	95,609	132,798
Earnings on Investments	192	557	749
Miscellaneous		100	100
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	53,312	109,958	163,270
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	38,229	2,585	40,814
Public Safety	800	17,491	18,291
Public Works		80,259	80,259
Health	3,300		3,300
Capital Outlay		7,498	7,498
Debt Service:			
Redemption of Principal		3,563	3,563
Interest and Fiscal Charges		918	918
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	42,329	112,314	154,643
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over/(Under) Cash Disbursements	10,983	(2,356)	8,627
Fund Cash Balances, January 1	24,439	167,107	191,546
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$ 35,422</u>	<u>\$ 164,751</u>	<u>\$ 200,173</u>
Reserve for Encumbrances, December 31	<u>\$ 327</u>	<u>\$ 92</u>	<u>\$ 419</u>

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

**HUNTINGTON TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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, Gallia County (the Township), as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road maintenance, cemetery maintenance, and fire protection services. The Township contracts with the Village of Vinton to provide fire services.

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

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

All cash assets of the Township are maintained in an interest bearing checking account.

D. Fund Accounting

The Township uses fund accounting to segregate cash that is 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 Fund:

**HUNTINGTON TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(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 pay for constructing, maintaining, and repairing Township roads.

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. Encumbrances outstanding at year end carry over and need not be reappropriated. The Township did not encumber all commitments required by Ohio law.

A summary of 2009 and 2008 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.

2. Equity in Pooled Cash

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

**HUNTINGTON TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

2. Equity in Pooled Deposits (Continued)

	2009	2008
Demand deposits	\$203,030	\$200,173

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

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2009 and 2008, follows:

2009 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$42,116	\$44,712	\$2,596
Special Revenue	118,216	113,464	(4,752)
Total	\$160,332	\$158,176	(\$2,156)

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$67,183	\$39,399	\$27,784
Special Revenue	282,742	116,339	166,403
Total	\$349,925	\$155,738	\$194,187

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$57,021	\$53,312	(\$3,709)
Special Revenue	110,900	109,958	(942)
Total	\$167,921	\$163,270	(\$4,651)

2008 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$51,155	\$42,656	\$8,499
Special Revenue	286,862	112,406	174,456
Total	\$338,017	\$155,062	\$182,955

**HUNTINGTON TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. Budgetary Activity (Continued)

Contrary to Ohio law, appropriations exceeded actual resources in the Gasoline Tax Fund by \$10,134 and in the Fire Levy Fund by \$1,593 for the year ended December 31, 2008. Appropriations exceeded actual resources in the Gasoline Tax Fund by \$6,828 and in the Motor Vehicle License Tax Fund by \$641 for the year ended December 31, 2009. Also contrary to Ohio law, at December 31, 2009 and 2008, appropriations exceeded estimated resources in the Gasoline Tax Fund by \$2,398 and \$10,731, respectively.

4. Property Tax

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

5. Debt

Debt outstanding at December 31, 2009 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Truck Loan	\$6,144	6.4%

The Township obtained a promissory note from Ohio Valley Bank to finance the purchase of a truck on December 15, 2007 to be used for the repair and maintenance of roads. The truck collateralized the note and is being paid from the Motor Vehicle License Tax Fund. The original amount of the note was \$16,396. Monthly payments in the amount of \$320 are due throughout the term of the note which concludes on December 15, 2012. The Township made additional principal payments of \$320 per month for part of 2008 and all of 2009.

**HUNTINGTON TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

5. Debt (Continued)

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

Year ending December 31:	<u>Truck Loan</u>
2010	<u>\$3,840</u>
2011	<u>3,440</u>
Total	<u><u>\$7,280</u></u>

6. Retirement System

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

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2009.

7. Risk Management

Risk Pool Membership

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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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 and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2008, OTARMA retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

**HUNTINGTON TOWNSHIP
GALLIA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

7. Risk Management (Continued)

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, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$40,737,740	\$43,210,703
Liabilities	<u>(12,981,818)</u>	<u>(13,357,837)</u>
Net Assets	<u>\$27,755,922</u>	<u>\$29,852,866</u>

At December 31, 2008 and 2007, respectively, liabilities above include approximately \$12.1 and \$12.5 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.9 and \$11.6 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$2,796.

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>Contributions to OTARMA</u>	
2007	\$3,285
2008	\$3,724
2009	\$3,251

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



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
Gallia County
P.O. Box 212
Vinton, Ohio 45686

To the Board of Trustees:

We have audited the financial statements of Huntington Township, Gallia County, Ohio (the Township), as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated June 3, 2010, 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying Schedule of Findings, we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness and another deficiency we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial

statements will not be prevented, or detected and timely corrected. We consider finding 2009-006 described in the accompanying Schedule of Findings to be a material weakness.

A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2009-005 described in the accompanying Schedule of Findings to be a significant deficiency.

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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2009-001 through 2009-004.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated June 3, 2010.

The Township's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

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



Mary Taylor, CPA
Auditor of State

June 3, 2010

**HUNTINGTON TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

FINDING NUMBER 2009-001

Finding for Recovery Repaid During the Audit

Ohio Revised Code Section 505.24 sets forth the compensation limits for township trustees' based on the annual budget of the township. Amounts paid to trustees must adhere to this schedule.

The Fiscal Officer issued check number 7620 for \$606.92 on November 24, 2007 to Walter Neal, Township Trustee, for his monthly salary. The Fiscal Officer voided this check in the system on June 11, 2008 believing this check had been lost. On June 28, 2008, the Fiscal Officer reissued the payment using check number 7839. During our testing, we noted that check number 7620 cleared the bank on January 24, 2008. The second check (7839) also cleared the bank resulting in two payments to Mr. Neal.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a finding for recovery for public monies illegally expended is hereby issued against Walter Neal for \$606 and in favor of the Huntington Township General Fund for \$30 and the Gasoline Tax Fund for \$576.

We brought this matter to the Township's attention. On February 18, 2010, Walter Neal repaid \$606 to the Township.

We recommend the Township Fiscal Officer and Trustees monitor payroll and bank reconciliations closely to prevent reconciling errors and overpayment of expenditures.

Officials' Response: This was overlooked and will be monitored closer.

FINDING NUMBER 2009-002

Noncompliance Citation- Ohio Rev. Code Section 5705.36(A)(4)

Ohio Rev. Code Section 5705.36(A)(4) states 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.

Appropriations exceeded actual resources at December 31, 2008, in the following funds:

<u>Fund</u>	<u>Actual Resources</u>	<u>Appropriation Authority</u>	<u>Variance</u>
Gasoline Tax	\$ 204,930	\$ 215,064	\$ (10,134)
Fire Levy	27,843	29,436	(1,593)

**HUNTINGTON TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
--

FINDING NUMBER 2009-002 (Continued)

Noncompliance Citation - Ohio Rev. Code Section 5705.36(A)(4) (Continued)

Appropriations exceeded actual resources at December 31, 2009, in the following funds:

Fund	Actual Resources	Appropriation Authority	Variance
Gasoline Tax	\$ 213,269	\$ 220,097	\$ (6,828)
Motor Vehicle License Tax	22,439	23,080	(641)

This could cause the Township to spend more money than is available to spend.

We recommend the Township Board of Trustees and Fiscal Officer monitor estimated and actual revenues for all funds on a regular basis. In the situation where appropriations exceed actual resources, the Township should adjust appropriations accordingly.

Officials' Response: This will be monitored closer.

FINDING NUMBER 2009-003

Noncompliance Citation- Ohio Rev. Code Section 5705.39

Ohio Rev. Code Section 5705.39 provides, in part, that total appropriations from each fund shall not exceed the total estimated resources.

At December 31, 2009, appropriations exceeded estimated resources in the Gasoline Tax Fund by \$2,398. At December 31, 2008, appropriations exceeded estimated resources in the Gasoline Tax Fund by \$10,731. This could cause the Township to obligate or expend in excess of their estimated resources.

We recommend the Fiscal Officer monitor its estimated revenue and appropriations to ensure that appropriations are within estimated resources.

Officials' Response: This will be monitored closer.

**HUNTINGTON TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
--

FINDING NUMBER 2009-004

Noncompliance Citation – Ohio Rev. Code Section 5705.41(D)(1)

Ohio Rev. Code Section 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The Fiscal Officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Township can authorize the drawing of a warrant for the payment of the amount due. The Township has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Township.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate – The Township may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

In 2009 and 2008, the Fiscal Officer did not certify 14% and 30% of transactions tested, respectively, at the time of the commitment and there was no evidence that the Township followed the aforementioned exceptions.

The Township did not have sufficient internal controls in place to ensure the certification of the availability of funds. Failure to certify the availability of funds properly can result in overspending funds and negative cash balances.

**HUNTINGTON TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

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

FINDING NUMBER 2009-004 (Continued)

Noncompliance Citation - Ohio Rev. Code Section 5705.41(D)(1) (Continued)

Unless the Township uses the exceptions noted above, prior certification is not only required by statute but is also a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Township's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that funds are or will be available prior to an obligation being incurred by the Township. When prior certification is not possible, "then and now" certification should be used.

We recommend the Township officials and employees obtain the Fiscal Officer's certification of the availability of funds prior to the commitment being incurred. The most convenient certification method is to use purchase orders that include the certificate language of Ohio Rev. Code Section 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Township incurs the commitment, and only when the requirements of Ohio Rev. Code Section 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase orders to the proper appropriation code to reduce the available appropriation.

Officials' Response: This will be monitored closer.

FINDING NUMBER 2009-005

Significant Deficiency

All local public offices should integrate the budgetary accounts, at the legal level of control or lower, into the financial accounting system. This means designing an accounting system to provide ongoing and timely information on unrealized budgetary receipts and remaining uncommitted balances of appropriations.

At December 31, 2008, budgeted receipts and expenditures, as adopted by the Board of Trustees and filed with the County Auditor, did not agree to the Township's accounting system for all funds. The variances and funds are as follows:

Fund	Budgeted Receipts		Variance
	Per the Certificate of Estimated Resources	Per the Accounting System	
General	\$ 57,021	\$ 31,644	\$ (25,377)
Gasoline	84,613	95,344	10,731

**HUNTINGTON TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

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

FINDING NUMBER 2009-005 (Continued)

Significant Deficiency (Continued)

Fund:	Appropriations		Variance
	Per the Appropriation Measure	Per the Accounting System	
General:			
1000-110-312 (Auditing Services)	\$ 5,000	\$ 3,784	\$ (1,216)
1000-110-314 (Tax Collection Fees)	800	1,216	416
1000-110-389 (Other Insurance and Bonding)	12,500	13,500	1,000
1000-110-410 (Office Supplies)	500	1,000	500
1000-120-359 (Other - Utilities)	400	1,300	900
1000-120-599 (Other - Other Expenses)	2,000	1,500	(500)
1000-220-599 (Other - Other Expenses)	2,858	1,608	(1,250)
1000-760-190 (Other - Salaries)	5,000	5,150	150
Special Revenue Fund:			
2011-190-400 (Supplies and Materials)	3,197	5,197	2,000
2011-190-590 (Other Expenses)	10,000	6,000	(4,000)
2011-330-420 (Operating Supplies)	7,000	9,000	2,000

At December 31, 2008, budgeted receipts and expenditures, as adopted by the Board of Trustees and filed with the County Auditor, did not agree to the Township's accounting system for all funds. The variances and funds are as follows:

Fund	Budgeted Receipts		Variance
	Per the Certificate of Estimated Resources	Per the Accounting System	
General	\$ 57,021	\$ 31,644	\$ (25,377)
Gasoline	84,613	95,344	10,731

Fund:	Appropriations		Variance
	Per the Appropriation Measure	Per the Accounting System	
General:			
1000-110-211 (OPERS)	\$ 5,000	\$ 3,784	\$ (1,216)
1000-110-314 (Tax Collection Fees)	800	1,216	416
1000-110-599 (Other - Other Expenses)	12,500	13,500	1,000
1000-120-351 (Electricity)	400	1,300	900
1000-120-599 (Other - Other Expenses)	2,000	1,500	(500)
1000-760-190 (Other - Salaries)	2,858	1,608	(1,250)
1000-760-740 (Machinery, Equipment & Furniture)	5,000	5,150	150

**HUNTINGTON TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

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

FINDING NUMBER 2009-005 (Continued)

Significant Deficiency (Continued)

Fund:	Appropriations		Variance
	Per the Appropriation Measure	Per the Accounting System	
Special Revenue Fund:			
2021-330-360 (Contracted Services)	3,197	5,197	2,000
2021-330-599 (Other - Other Expenses)	10,000	6,000	(4,000)

The Trustees lost some degree of budgetary control because they were unable to monitor actual results of operations against the amounts adopted at the beginning of the years.

We recommend the Fiscal Officer accurately post estimated receipts as certified by the County Budget Commission and appropriations as approved by the Board of Trustees into the computer system and only after receiving approval. This procedure will ensure more useful comparisons of budget versus actual activity, as well as provide management with an accurate monitoring tool throughout the years.

Officials' Response: This will be monitored closer

FINDING NUMBER 2009-006

Material Weakness

Sound financial reporting is the responsibility of the fiscal officer and governing board and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

As a result of audit procedures performed, we noted the following errors in the financial statements that required audit adjustment or reclassification:

2009:

- The Fiscal Officer posted costs associated with cemetery mowing as Capital Outlay rather than Public Health expenditures in the General Fund (\$5,734).
- The Fiscal Officer misposted various costs associated with the maintenance of roads and culverts as General Government rather than Public Works expenditures in the Gasoline Tax Fund (\$6,516). Additionally, mowing of the Township property and audit costs were posted to the Fire and Motor Vehicle License Tax Funds rather than the General Fund (\$440).
- The Fiscal Officer misposted utility and tangible personal property reimbursements as Property and Local Tax receipts rather than Intergovernmental receipts in the General Fund (\$2,226).
- The Fiscal Officer allocated Trustee payroll to the Gasoline Fund under Public Works without sufficient documentation to justify the fund charged rather than post the payroll as General Government expenditures in the General Fund (\$1,944).
- The Fiscal Officer posted \$6,459 in principal and \$582 in interest on a loan as General Government expenditures in the Motor Vehicle License Tax Fund.

**HUNTINGTON TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
--

FINDING NUMBER 2009-006 (Continued)

Material Weakness (Continued)

2008:

- The Fiscal Officer incorrectly voided a Trustee payroll check in the Gasoline Fund causing an incorrect beginning balance (\$100).
- The Fiscal Officer incorrectly voided a check to Lowerland Foods causing an incorrect beginning balance and overstated General Government Expenditures in the General Fund (\$30).
- The Fiscal Officer posted costs associated with cemetery mowing as Capital Outlay rather than Public Health expenditures in the General Fund (\$3,300).
- The Fiscal Officer posted \$3,563 in principal and \$918 in interest on a loan as General Government expenditures in the Motor Vehicle License Tax Fund.

The audited financial statements reflect the above adjustments.

To ensure the Township's financial statements and notes to the financial statements are complete and accurate, we recommend the Fiscal Officer review the Township Manual for guidance on the correct line item to post various receipts and expenditures of the Township.

Officials' Response: This will be monitored closer.

This page intentionally left blank.

**HUNTINGTON TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Material noncompliance citation issued under Ohio Rev. Code Section 505.601 for insurance reimbursement of Township Trustees and Fiscal Officer for family coverage for the years 2006 and 2007 which was in excess of actual out-of-pocket premium expenses attributable to them only, in the amount of \$5,191.92 and \$3,885.15, respectively.	Yes	HB changed to allow for insurance reimbursement to dependents of township employees.
2007-002	Material noncompliance issued under Ohio Rev. Code Section 5705.41(D)(1) for improperly encumbering funds	No	Repeated as Finding Number 2009-004 in the accompanying Schedule of Findings
2007-003	Significant Deficiency for budgetary amounts entered into the Township accounting system failing to agree to Trustee approved amounts.	No	Repeated as Finding Number 2009-005 in the accompanying Schedule of Findings



Mary Taylor, CPA
Auditor of State

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
JUNE 22, 2010**