

HUNTINGTON TOWNSHIP

Gallia County

Regular Audit

January 1, 2004 through December 31, 2005

Fiscal Years Audited Under GAGAS: 2005 - 2004

BALESTRA, HARR & SCHERER, CPAs, INC.

**CERTIFIED PUBLIC ACCOUNTANTS
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**Auditor of State
Betty Montgomery**

Board of Trustees
Huntington Township
P. O. Box 212
Vinton, Ohio 45686

We have reviewed the *Independent Auditor's Report* of Huntington Township, Gallia County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period January 1, 2004 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. Huntington Township, Gallia County is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

August 29, 2006

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HUNTINGTON TOWNSHIP
GALLIA COUNTY

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditor's Report

Board of Trustees
Huntington Township
P.O. Box 212
Vinton, Ohio 45686

We have audited the accompanying financial statements of the Huntington Township, Gallia County, (the Township) as of and for the years ended December 31, 2005 and December 31, 2004. These financial statements are the responsibility of the Government'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 *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 government 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. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

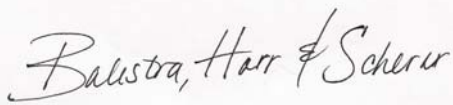
Revisions to GAAP require the Township to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and December 31, 2004. Instead of the funds accompanying financial statements presented for 2005 and 2004, the revisions require presenting entity 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 require 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 the Township does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts are materially misstated under 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 paragraph, the financial statements referred to above for the years ended December 31, 2005 and 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Government's combined funds as of December 31, 2005 or December 31, 2004, or their 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 of The Huntington Township, Gallia County, as of December 31, 2005 and December 31, 2004, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Township to include Management's Discussion & Analysis for the years ended December 31, 2005 and 2004. The Township has not presented Management's Discussion & 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 Government'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. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. 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.

A handwritten signature in cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

June 21, 2006

**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, 2005**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$ 12,357	\$ 10,170	\$ 22,527
Intergovernmental	18,287	98,226	116,513
Earnings On Investments	271	447	718
Other Revenue	20	-	20
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	30,935	108,843	139,778
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	27,628	5,134	32,762
Public Safety	6	15,250	15,256
Public Works	-	58,702	58,702
Capital Outlay	3,200	-	3,200
Debt Service:			
Principal Retirement	-	6,471	6,471
Interest and Fiscal Charges	-	913	913
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	30,834	86,470	117,304
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over(Under) Cash Disbursements	101	22,373	22,474
Fund Cash Balances, January 1	21,461	136,687	158,148
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$ 21,562</u>	<u>\$ 159,060</u>	<u>\$ 180,622</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, 2004**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Local Taxes	\$ 11,643	\$ 9,685	\$ 21,328
Intergovernmental	18,394	80,356	98,750
Earnings On Investments	209	413	622
Other Revenue	14	1,459	1,473
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	30,260	91,913	122,173
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
General Government	31,204	5,477	36,681
Public Safety	583	7,331	7,914
Public Works	-	68,313	68,313
Capital Outlay	3,150	20,300	23,450
Debt Service:			
Principal Retirement	-	7,521	7,521
Interest and Fiscal Charges	-	410	410
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	34,937	109,352	144,289
	<hr/>	<hr/>	<hr/>
Total Cash Receipts Over(Under) Cash Disbursements	(4,677)	(17,439)	(22,116)
Other Financing Sources (Uses)			
Other Debt Proceeds	-	20,300	20,300
	<hr/>	<hr/>	<hr/>
Total Other Financing Sources (Uses)	-	20,300	20,300
	<hr/>	<hr/>	<hr/>
Excess of Cash Receipts and Other Financing Sources Over(Under) Cash Disbursements and Other Financing Uses	(4,677)	2,861	(1,816)
Fund Cash Balances, January 1	26,138	133,826	159,964
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$ 21,461</u>	<u>\$ 136,687</u>	<u>\$ 158,148</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, 2005 AND 2004**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Huntington Township, Gallia County (the Township), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly-elected three-member Board of Trustees and a publicly-elected Clerk. The Township provides services that include road and bridge maintenance (public works), cemetery maintenance (health), and fire protection (public safety). The Township contracts with the Village of Vinton to provide fire protection.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash

All cash assets 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 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 that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Fund:

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

HUNTINGTON TOWNSHIP
GALLIA COUNTY

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function, 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. Appropriations lapse at year end.

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.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

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

F. Property, Plant and Equipment

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

2. EQUITY IN POOLED CASH

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

	2005	2004
Demand Deposits	\$ 180,622	\$ 158,148

Deposits: Deposits are either (1) insured by the Federal Deposit Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Township.

**HUNTINGTON TOWNSHIP
GALLIA 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 2004 follows:

2005 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General Fund	\$ 58,640	\$ 30,935	\$ (27,705)
Special Revenue	244,282	108,843	(135,439)
Total	<u>\$ 302,922</u>	<u>\$ 139,778</u>	<u>\$ (163,144)</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General Fund	\$ 51,684	\$ 30,834	\$ 20,850
Special Revenue	219,695	86,470	133,225
Total	<u>\$ 271,379</u>	<u>\$ 117,304</u>	<u>\$ 154,075</u>

2004 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General Fund	\$ 62,638	\$ 30,260	\$ (32,378)
Special Revenue	220,755	112,213	108,542
Total	<u>\$ 283,393</u>	<u>\$ 142,473</u>	<u>\$ 76,164</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General Fund	\$ 54,371	\$ 34,937	\$ 19,434
Special Revenue	261,761	109,352	152,409
Total	<u>\$ 316,132</u>	<u>\$ 144,289</u>	<u>\$ 171,843</u>

4. PROPERTY TAX

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

**HUNTINGTON TOWNSHIP
GALLIA COUNTY**

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

4. **PROPERTY TAX (Continued)** 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, 2005 was as follows:

	Principal	Interest Rate
Promissory Note	\$ 13,829	4.50%

The promissory note was obtained in 2004 to finance the purchase of a used tractor to be used for maintenance and repair of Township roads. The note is collateralized by the equipment purchased and is being paid for from the Gasoline Tax Fund.

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

Year Ending	Promissory Note
2006	\$ 7,384
2007	7,384
Total	\$ 14,768

6. RETIREMENT SYSTEM

The Township's elected officials and 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.

Contribution rates are also prescribed by the Ohio Revised Code. For 2005 and 2004, members of PERS contributed 8.5% of their gross salaries. The Township contributed an amount equal to 13.55% of participants' gross salaries. The Township has paid all employer contributions required through December 31, 2005.

7. RISK MANAGEMENT

Commercial Insurance

The Township has obtained commercial insurance for the following risks:

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

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Member American Institute of Certified Public Accountants
Accountants

Ohio Society of Certified Public

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit Performed in Accordance with *Government Auditing Standards***

Board of Trustees
Huntington Township
P.O. Box 212
Vinton, Ohio 45686

To the Board of Trustees:

We have audited the financial statements of the Huntington Township, Gallia County, Ohio (the Township), as of and for the years ended December 31, 2005 and 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

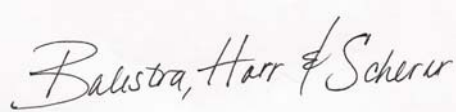
In planning and performing our audit, we considered the Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control 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 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.

Compliance and Other Matters

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 grant agreements, 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Huntington Township
Gallia County
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, 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 cursive script that reads "Balestra, Harr & Scherer". The signature is written in black ink on a light-colored background.

Balestra, Harr & Scherer, CPAs, Inc.

June 21, 2006

**HUNTINGTON TOWNSHIP
GALLIA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005 AND 2004**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2003-001	A Finding for Recovery was issued under Ohio Rev. Code Section 505.24(B)(5), against Bill Petrie, Trustee, for overpayment of compensation in the amount of \$144.50.	Yes	
2003-002	A Finding for Recovery was issued under Ohio Rev. Code Section 505.24(B)(5), against Roger Shadwick Collins, Trustee, for overpayment of compensation in the amount of \$126.00.	Yes	



**Auditor of State
Betty Montgomery**

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HUNTINGTON TOWNSHIP

GALLIA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 12, 2006**