



Mary Taylor, CPA
Auditor of State

**AUSTINTOWN TOWNSHIP
MAHONING COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Austintown Township
Mahoning County
82 Ohltown Rd
Austintown, Ohio 44515

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Austintown Township, Mahoning County, Ohio (the Township), as of and for the year ended December 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions 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 Government 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 discussed in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Austintown Township, Mahoning County, Ohio, as of December 31, 2005, and the respective changes in cash financial position and the respective budgetary comparison for the General, the Road and Bridge, the Police District, the Fire District and the Zoning Funds thereof for the years then ended in conformity with the basis of accounting Note 1 describes.

For the year ended December 31, 2005 the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2008, 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.

Management's discussion and analysis is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

April 28, 2008

Austintown Township
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

This discussion and analysis of the Austintown Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2005, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2005 are as follows:

Net assets of governmental activities increased \$337,542, or 36 percent. The funds most affected by the increase in cash and cash equivalents were the Park Fund and Zoning Department Fund.

The Township's general receipts are primarily property and intergovernmental. These receipts represent \$9,029,151 or 90 percent of the total cash received for the year. Property Tax and intergovernmental receipts for 2005 changed very little compared to 2004.

The Township had no business-type activity.

The increase in Zoning Fund receipts was largely a result of permit fees charged for the construction of a new middle school.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Government's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

Austintown Township
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2005, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Townships general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property.

In the statement of net assets and the statement of activities, we divide the Township into two types of activities:

Governmental activities. Most of the Township's basic services are reported here, including police, fire, streets and parks. Property Taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity. The Township has no business-type activity.

Reporting the Township's Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are split into three categories: governmental, proprietary and fiduciary.

Governmental Funds - Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Road and Bridge, Police, Fire and Zoning. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Austintown Township
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Proprietary Funds – When the Township charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Township has no enterprise funds. When the services are provided to other departments of the Township, the service is reported as an internal service fund. The Government has two internal service funds to account for Vehicle Maintenance and Communication (Dispatch).

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Township's programs.

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2005 compared to 2004 on a cash basis:

(Table 1)

Net Assets

	Governmental Activities	
	2005	2004
Assets		
Cash and Cash Equivalents	\$1,265,235	\$927,693
Total Assets	\$1,265,235	\$927,693
Net Assets		
Restricted for:		
Capital Outlay	\$29,593	\$63,991
Permanent Fund	3,024	3,957
Other Purposes	857,638	653,134
Unrestricted	373,980	206,611
Total Net Assets	\$1,264,235	\$927,693

As mentioned previously, net assets of governmental activities increased \$337,542, or 36 percent during 2005. The primary reasons contributing to the increase in cash balances are as follows:

- An increase in Zoning Fee receipts due to increase construction in the community namely the construction of a new middle school.
- \$75,000 of the 2005 Road Resurfacing Project that was not payable until 2006.

Table 2 reflects the changes in net assets on a cash basis in 2005. Since the Township did not prepare financial statements in this format in 2004, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

Austintown Township
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

(Table 2)
Changes in Net Assets

	Governmental Activities
	2005
Receipts:	
Program Receipts:	
Charges for Services and Sales	\$1,033,037
Operating Grants and Contributions	1,379,651
Capital Grants and Contributions	417,827
Total Program Receipts	2,830,515
General Receipts:	
Property and Other Local Taxes	6,170,117
Other Taxes	237,945
Sale of Notes	1,000,000
Sale of Fixed Assets	700
Grants and Entitlements Not Restricted to Specific Programs	823,611
Interest	29,317
Total General Receipts	8,261,690
Total Receipts	11,092,205
Disbursements:	
General Government	1,161,358
Public Safety	5,758,050
Public Works	1,704,803
Public Health Services	188,957
Leisure Time Activities	400,098
Capital Outlay	435,568
Principal Retirement	1,000,000
Interest and Fiscal Charges	11,874
Other	91,924
Total Disbursements	10,752,632
Excess (Deficiency) Before Transfers	339,573
Transfers	(2,031)
Increase (Decrease) in Net Assets	337,542
Net Assets, January 1, 2005	927,693
Net Assets, December 31, 2005	\$1,265,235

Austintown Township
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Program receipts represent only 25 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, and building permits and inspection fees.

General receipts represent 75 percent of the Township's total receipts, and of this amount, 75 percent are local taxes. State and federal grants and entitlements make up the balance of the Township's general receipts (10 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of most of the Trustees and Fiscal Officer, as well as building and cemetery upkeep.

Public Safety costs are the costs associated with maintaining and operating the Police, Fire and Communication Departments. Public Works are the costs of maintaining the Township Roads and Storm Water Systems. Public Health Services is mainly the County Health Department; Leisure Time Activities are the costs of maintaining the parks and playing fields.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Public Safety and Public Works account for 54 and 16 percent of all governmental disbursements, respectively. General government also represents a significant cost, about 11 percent. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

	Total Cost of Services 2005	Net Cost of Services 2005
General Government	\$1,161,358	\$318,588
Public Safety	5,758,050	4,994,709
Public Works	1,704,803	679,197
Public Health Services	188,957	158,221
Leisure Time Activities	400,098	232,036
Other	91,924	91,924
Capital Outlay	435,568	435,568
Principal Retirement	1,000,000	1,000,000
Interest and Fiscal Charges	11,874	11,874
Total Expenses	\$10,752,632	\$7,922,117

The dependence upon property and intergovernmental receipts is apparent as over 70 percent of governmental activities are supported through these general receipts.

Austintown Township
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Business-type Activities

As indicated above, the Township has no business-type activity.

The Township's Funds

Total governmental funds had receipts of \$11,091,382 and disbursements of \$10,801,737. The greatest change within governmental funds occurred within the General Fund and Zoning Fund. The fund balance of the General Fund increased \$109,141 and the Zoning Fund increased \$110,557. As state above, the increase in the Zoning Fund was largely due to increased permit fee income as a result of the construction of a new middle school.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2005, the Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were below original budgeted receipts due to unexpected slow growth in tax receipts. The difference between final budgeted receipts and actual receipts was not significant.

Receipts were budgeted at \$1,947,000; actual receipts were \$1,862,975 for a negative variance of \$84,205. Disbursements were budgeted at \$886,512 while actual disbursements were \$816,781 for a positive variance of \$69,731 giving a net negative variance of \$14,474.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure, other than an annual inventory valuation of assets.

Debt

At December 31, 2005, the Township had no outstanding debt.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Michael J. Kurish, Fiscal Officer, Austintown Township, 82 Ohltown Road, Austintown, Ohio 44515.

AUSTINTOWN TOWNSHIP, MAHONING COUNTY

Statement of Net Assets - Cash Basis

December 31, 2005

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 1,265,235
<i>Total Assets</i>	<u><u>1,265,235</u></u>
Net Assets	
Restricted for:	
Capital Projects	29,593
Expendable	3,024
Nonexpendable	1,000
Other Purposes	857,638
Unrestricted	373,980
<i>Total Net Assets</i>	<u><u>\$ 1,265,235</u></u>

See accompanying notes to the basic financial statements

AUSTINTOWN TOWNSHIP, MAHONING COUNTY

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2005*

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$1,161,358	\$ 776,333	\$ 66,437	\$ -	\$ (318,588)
Public Safety	5,758,050	87,421	675,920	-	(4,994,709)
Public Works	1,704,803	106,879	500,900	417,827	(679,197)
Health	188,957	30,669	67	-	(158,221)
Conservation-Recreation	400,098	31,735	136,327	-	(232,036)
Other	91,924	-	-	-	(91,924)
Capital Outlay	435,568	-	-	-	(435,568)
Debt Service:					
Principal	1,000,000	-	-	-	(1,000,000)
Interest	11,874	-	-	-	(11,874)
<i>Total Governmental Activities</i>	10,752,632	1,033,037	1,379,651	417,827	(7,922,117)
General Receipts					
Property Taxes					\$ 6,170,117
Other Taxes					237,945
Grants and Entitlements not Restricted to Specific Programs					823,611
Sale of Notes					1,000,000
Sale of Fixed Assets					700
Earnings on Investments					29,317
<i>Total General Receipts</i>					8,261,690
Transfers					(2,031)
<i>Total General Receipts and Transfers</i>					8,259,659
Change in Net Assets					337,542
<i>Net Assets Beginning of Year</i>					927,693
<i>Net Assets End of Year</i>					\$ 1,265,235

See accompanying notes to the basic financial statements

AUSTINTOWN TOWNSHIP, MAHONING COUNTY

Statement of Cash Basis Assets and Fund Balances

Governmental Funds

December 31, 2005

	GENERAL	ROAD AND BRIDGE	POLICE DISTRICT	FIRE DISTRICT	ZONING	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets							
Equity in Pooled Cash and Cash Equivalents	\$ 278,893	\$ 214,363	\$ 95,172	\$ 27,783	\$ 155,290	\$ 398,647	\$ 1,170,148
<i>Total Assets</i>	<u>278,893</u>	<u>214,363</u>	<u>95,172</u>	<u>27,783</u>	<u>155,290</u>	<u>398,647</u>	<u>1,170,148</u>
Fund Balances							
Reserved:							
Reserved for Encumbrances	5,725	4,675	19,153	10,581	1,246	1,033	42,413
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	273,168	-	-	-	-	-	273,168
Special Revenue Funds	-	209,688	76,019	17,202	154,044	363,997	820,950
Capital Projects Funds	-	-	-	-	-	29,593	29,593
Permanent Fund	-	-	-	-	-	4,024	4,024
<i>Total Fund Balances</i>	<u>\$ 278,893</u>	<u>\$ 214,363</u>	<u>\$ 95,172</u>	<u>\$ 27,783</u>	<u>\$ 155,290</u>	<u>\$ 398,647</u>	<u>\$ 1,170,148</u>

See accompanying notes to the basic financial statements

AUSTINTOWN TOWNSHIP, MAHONING COUNTY
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	GENERAL	ROAD AND BRIDGE	POLICE DISTRICT	FIRE DISTRICT	ZONING	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts							
Property and Other Local Taxes	\$ 572,468	\$ 1,064,197	\$ 2,121,298	\$ 1,382,902	\$ -	\$ 1,267,196	\$ 6,408,061
Charges for Services	199	-	-	-	-	-	199
Licenses, Permits and Fees	190,630	-	3,615	17,000	280,035	41,488	532,768
Fines and Forfeitures	43,578	-	-	-	-	5,273	48,851
Intergovernmental	1,014,691	300,188	400,491	222,944	200	750,403	2,688,917
Special Assessments	-	-	-	-	-	55,920	55,920
Earnings on Investments	29,317	-	-	-	-	6,633	35,950
Miscellaneous	11,912	50,959	29,566	27,702	-	199,877	320,016
Total Receipts	1,862,795	1,415,344	2,554,970	1,650,548	280,235	2,326,790	10,090,682
Disbursements							
Current:							
General Government	514,305	-	-	-	169,678	4,840	688,823
Public Safety	112,576	-	3,731,798	2,292,339	-	69,575	6,206,288
Public Works	-	1,325,033	-	-	-	450,779	1,775,812
Health	161,858	-	-	-	-	27,099	188,957
Conservation-Recreation	21,782	-	-	-	-	381,047	402,829
Other	-	-	-	-	-	91,924	91,924
Capital Outlay	535	7,491	46,452	7,923	-	372,829	435,230
Debt Service:							
Principal Retirement	-	-	-	-	-	1,000,000	1,000,000
Interest and Fiscal Charges	-	-	-	-	-	11,874	11,874
Total Disbursements	811,056	1,332,524	3,778,250	2,300,262	169,678	2,409,967	10,801,737
Excess of Receipts Over (Under) Disbursements	1,051,739	82,820	(1,223,280)	(649,714)	110,557	(83,177)	(711,055)
Other Financing Sources (Uses)							
Sale of Notes	200,000	-	500,000	300,000	-	-	1,000,000
Sale of Fixed Assets	76	-	624	-	-	-	700
Transfers In	-	-	750,000	310,000	-	73,676	1,133,676
Transfers Out	(1,142,674)	(18)	(36)	(240)	-	(1,478)	(1,144,446)
Advances In	1,740,409	-	999,000	695,000	-	45,475	3,479,884
Advances Out	(1,740,409)	-	(999,000)	(695,000)	-	(45,475)	(3,479,884)
Total Other Financing Sources (Uses)	(942,598)	(18)	1,250,588	609,760	-	72,198	989,930
Net Change in Fund Balances	109,141	82,802	27,308	(39,954)	110,557	(10,979)	278,875
Fund Balances Beginning of Year	169,752	131,561	67,864	67,737	44,733	409,626	891,273
Fund Balances End of Year	\$ 278,893	\$ 214,363	\$ 95,172	\$ 27,783	\$ 155,290	\$ 398,647	\$ 1,170,148

See accompanying notes to the basic financial statements

AUSTINTOWN TOWNSHIP, MAHONING COUNTY

Statement of Cash Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual -Budget Basis

General Fund

For the Year Ended December 31, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 695,000	\$ 695,000	\$ 572,468	\$ (122,532)
Charges for Services	-	-	199	199
Licenses, Permits and Fees	180,000	180,000	190,630	10,630
Fines and Forfeitures	40,000	40,000	43,577	3,577
Intergovernmental	912,000	912,000	1,014,691	102,691
Earnings on Investments	-	-	29,318	29,318
Miscellaneous	120,000	120,000	11,912	(108,088)
<i>Total receipts</i>	<u>1,947,000</u>	<u>1,947,000</u>	<u>1,862,795</u>	<u>(84,205)</u>
Disbursements				
Current:				
General Government	588,423	583,188	516,230	66,958
Public Safety	2,702	112,653	112,576	77
Health	162,000	161,858	161,858	-
Conservation-Recreation	5,000	26,032	25,582	450
Capital Outlay	2,000	2,781	535	2,246
<i>Total Disbursements</i>	<u>760,125</u>	<u>886,512</u>	<u>816,781</u>	<u>69,731</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,186,875</u>	<u>1,060,488</u>	<u>1,046,014</u>	<u>(14,474)</u>
Other Financing Sources (Uses)				
Sale of Notes	100,000	100,000	200,000	100,000
Sale of Fixed Assets	-	-	76	76
Transfers Out	(1,445,000)	(1,316,350)	(1,142,674)	(173,676)
Advances In	-	-	1,740,409	1,740,409
Advances Out	-	-	(1,740,409)	1,740,409
<i>Total Other Financing Sources (Uses)</i>	<u>(1,345,000)</u>	<u>(1,216,350)</u>	<u>(942,598)</u>	<u>273,752</u>
<i>Net Change in Fund Balance</i>	<u>(158,125)</u>	<u>(155,862)</u>	<u>103,416</u>	<u>259,278</u>
<i>Fund Balance Beginning of Year</i>	<u>167,490</u>	<u>167,490</u>	<u>167,490</u>	<u>-</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>2,262</u>	<u>2,262</u>	<u>2,262</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 11,627</u>	<u>\$ 13,890</u>	<u>\$ 273,168</u>	<u>\$ 259,278</u>

See accompanying notes to the basic financial statements

AUSTINTOWN TOWNSHIP, MAHONING COUNTY

Statement of Cash Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual -Budget Basis

Road and Bridge Fund

For the Year Ended December 31, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 1,060,000	\$ 1,060,000	\$ 1,064,198	\$ 4,198
Intergovernmental	135,000	135,000	300,188	165,188
Miscellaneous	227,250	227,250	50,959	(176,291)
<i>Total receipts</i>	<u>1,422,250</u>	<u>1,422,250</u>	<u>1,415,345</u>	<u>(6,905)</u>
Disbursements				
Current:				
Public Works	1,370,904	1,438,927	1,329,708	109,219
Capital Outlay	40,500	10,458	7,491	2,967
<i>Total Disbursements</i>	<u>1,411,404</u>	<u>1,449,385</u>	<u>1,337,199</u>	<u>112,186</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>10,846</u>	<u>(27,135)</u>	<u>78,146</u>	<u>105,281</u>
Other Financing Sources (Uses)				
Transfers Out	(55,000)	(8,923)	(18)	8,905
<i>Total Other Financing Sources (Uses)</i>	<u>(55,000)</u>	<u>(8,923)</u>	<u>(18)</u>	<u>8,905</u>
<i>Net Change in Fund Balance</i>	(44,154)	(36,058)	78,128	114,186
<i>Fund Balance Beginning of Year</i>	123,466	123,466	123,466	-
Prior Year Encumbrances Appropriated	8,095	8,095	8,095	-
<i>Fund Balance End of Year</i>	<u>\$ 87,407</u>	<u>\$ 95,503</u>	<u>\$ 209,689</u>	<u>\$ 114,186</u>

See accompanying notes to the basic financial statements

AUSTINTOWN TOWNSHIP, MAHONING COUNTY

Statement of Cash Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual -Budget Basis

Police District Fund

For the Year Ended December 31, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 2,090,000	\$ 2,090,000	\$ 2,121,298	\$ 31,298
Licenses, Permits and Fees	1,250	1,250	3,615	2,365
Intergovernmental	325,000	325,000	400,491	75,491
Miscellaneous	16,000	16,000	29,566	13,566
<i>Total receipts</i>	<u>2,432,250</u>	<u>2,432,250</u>	<u>2,554,970</u>	<u>122,720</u>
Disbursements				
Current:				
Public Safety	3,543,184	3,793,910	3,750,950	42,960
Capital Outlay	32,354	46,453	46,453	-
<i>Total Disbursements</i>	<u>3,575,538</u>	<u>3,840,363</u>	<u>3,797,403</u>	<u>42,960</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,143,288)</u>	<u>(1,408,113)</u>	<u>(1,242,433)</u>	<u>165,680</u>
Other Financing Sources (Uses)				
Sale of Notes	500,000	500,000	500,000	-
Sale of Fixed Assets	-	-	624	624
Transfers In	850,000	850,000	750,000	(100,000)
Transfers Out	(285,000)	(36)	(36)	-
Advances In	-	-	999,000	999,000
Advances Out	-	-	(999,000)	(999,000)
<i>Total Other Financing Sources (Uses)</i>	<u>1,065,000</u>	<u>1,349,964</u>	<u>1,250,588</u>	<u>(99,376)</u>
<i>Net Change in Fund Balance</i>	<u>(78,288)</u>	<u>(58,149)</u>	<u>8,155</u>	<u>66,304</u>
<i>Fund Balance Beginning of Year</i>	<u>47,725</u>	<u>47,725</u>	<u>47,725</u>	<u>-</u>
Prior Year Encumbrances Appropriated	<u>20,139</u>	<u>20,139</u>	<u>20,139</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ (10,424)</u>	<u>\$ 9,715</u>	<u>\$ 76,019</u>	<u>\$ 66,304</u>

See accompanying notes to the basic financial statements

AUSTINTOWN TOWNSHIP, MAHONING COUNTY

Statement of Cash Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual -Budget Basis

Fire District Fund

For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 1,260,000	\$ 1,260,000	\$ 1,382,902	\$ 122,902
Licenses, Permits and Fees	20,000	20,000	17,000	(3,000)
Intergovernmental	212,000	212,000	222,944	10,944
Miscellaneous	26,010	26,010	27,702	1,692
<i>Total receipts</i>	<u>1,518,010</u>	<u>1,518,010</u>	<u>1,650,548</u>	<u>132,538</u>
Disbursements				
Current:				
Public Safety	2,272,337	2,357,806	2,302,921	54,885
Capital Outlay	10,000	7,922	7,922	-
<i>Total Disbursements</i>	<u>2,282,337</u>	<u>2,365,728</u>	<u>2,310,843</u>	<u>54,885</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(764,327)</u>	<u>(847,718)</u>	<u>(660,295)</u>	<u>187,423</u>
Other Financing Sources (Uses)				
Sale of Notes	400,000	400,000	300,000	(100,000)
Transfers In	385,000	385,000	310,000	(75,000)
Transfers Out	(95,000)	(240)	(240)	-
Advances In	-	-	695,000	695,000
Advances Out	-	-	(695,000)	(695,000)
<i>Total Other Financing Sources (Uses)</i>	<u>690,000</u>	<u>784,760</u>	<u>609,760</u>	<u>(175,000)</u>
<i>Net Change in Fund Balance</i>	<u>(74,327)</u>	<u>(62,958)</u>	<u>(50,535)</u>	<u>12,423</u>
<i>Fund Balance Beginning of Year</i>	<u>56,369</u>	<u>56,369</u>	<u>56,369</u>	<u>-</u>
Prior Year Encumbrances Appropriated	<u>11,368</u>	<u>11,368</u>	<u>11,368</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ (6,590)</u>	<u>\$ 4,779</u>	<u>\$ 17,202</u>	<u>\$ 12,423</u>

See accompanying notes to the basic financial statements

AUSTINTOWN TOWNSHIP, MAHONING COUNTY

Statement of Cash Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual -Budget Basis

Zoning Fund

For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Licenses, Permits and Fees	\$250,000	\$250,000	\$280,034	\$30,034
Intergovernmental	-	-	200	200
<i>Total receipts</i>	<u>250,000</u>	<u>250,000</u>	<u>280,234</u>	<u>30,234</u>
Disbursements				
Current:				
General Government	195,608	194,604	170,923	23,681
<i>Total Disbursements</i>	<u>195,608</u>	<u>194,604</u>	<u>170,923</u>	<u>23,681</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>54,392</u>	<u>55,396</u>	<u>109,311</u>	<u>53,915</u>
<i>Net Change in Fund Balance</i>	54,392	55,396	109,311	53,915
<i>Fund Balance Beginning of Year</i>	43,729	43,729	43,729	-
Prior Year Encumbrances Appropriated	<u>1,004</u>	<u>1,004</u>	<u>1,004</u>	-
<i>Fund Balance End of Year</i>	<u>\$ 99,125</u>	<u>\$ 100,129</u>	<u>\$ 154,044</u>	<u>\$ 53,915</u>

See accompanying notes to the basic financial statements

AUSTINTOWN TOWNSHIP, MAHONING COUNTY

Statement of Fund Net Assets - Cash Basis

Proprietary Funds

December 31, 2005

	<u>INTERNAL SERVICES</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 95,087
<i>Total Assets</i>	<u>95,087</u>
Net Assets	
Unrestricted	95,087
<i>Total Net Assets</i>	<u>\$ 95,087</u>

See accompanying notes to the basic financial statements

AUSTINTOWN TOWNSHIP, MAHONING COUNTY

Statement of Cash Receipts,

Disbursements and Changes in Fund Net Assets - Cash Basis

Proprietary Funds

For the Year Ended December 31, 2005

	INTERNAL SERVICE TOTAL
Operating Receipts	
Other Operating Receipts	\$637,012
<i>Total Operating Receipts</i>	<u>637,012</u>
Operating Disbursements	
Salaries	386,024
Employee Fringe Benefits	180,703
Purchased Services	17,900
Supplies and Materials	2,685
Other	605
<i>Total Operating Disbursements</i>	<u>587,917</u>
<i>Operating Income (Loss)</i>	<u>49,095</u>
Non-Operating Receipts (Disbursements)	
Intergovernmental	823
Miscellaneous Receipts	347
Capital Outlay	(337)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>833</u>
<i>Income (Loss) before Transfers and Advances</i>	<u>49,928</u>
Transfers In	8,900
Transfers Out	(161)
<i>Change in Net Assets</i>	58,667
<i>Net Assets Beginning of Year</i>	<u>36,420</u>
<i>Net Assets End of Year</i>	<u><u>\$ 95,087</u></u>

See accompanying notes to the basic financial statements

AUSTINTOWN TOWNSHIP, MAHONING COUNTY

Statement of Fiduciary Net Assets - Cash Basis

Fiduciary Funds

December 31, 2005

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 2,613
<i>Total Assets</i>	<u>2,613</u>
Net Assets	
Restricted for:	
Other Purposes	<u>2,613</u>
<i>Total Net Assets</i>	<u>\$ 2,613</u>

See accompanying notes to the basic financial statements

Note 1 – Reporting Entity

The Austintown Township, Mahoning County, Ohio (the Township), is a body politic and corporate established in 1823 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds and departments that are not legally separate from the Township. The Township provides general government services, maintenance of township roads and bridges, Police and Fire protection, Park and Recreation, Zoning and Cemetery maintenance.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township.

The Township has no component units.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Township does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Note 2 – Summary of Significant Accounting Policies - (Continued)

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” receipts and disbursements. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash and investment balances, of the governmental and business-type activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as nonoperating.

B. Fund Accounting

The Township uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Township are divided into three categories, governmental, proprietary and fiduciary.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. Monies are assigned to the various governmental funds according to the purpose for which they may or must be used. The following are the Townships major governmental funds:

General Fund - The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Note 2 – Summary of Significant Accounting Policies - (Continued)

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

Police District – This fund receives property tax money to provide police protection for Township residents.

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

Zoning – This fund receives money from zoning fee charged to help insure that the Township Zoning regulations are complied.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

The Township classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Township has no major enterprise funds at this time.

Internal Service Fund - Internal service funds account for services provided by one department of the Township to another on a cost-reimbursement basis. The Township's internal service fund accounts for Maintenance (Vehicle) and Communication (Fire and Police).

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs. The Township's agency fund accounts for Unclaimed Funds and Employee's contributions to their flexibly spending accounts.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

Note 2 – Summary of Significant Accounting Policies - (Continued)

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

The appropriations ordinance is the Township's authorization to spend resources and sets limits on disbursements plus encumbrances at the level of control selected by the Township. The legal level of control has been established at the fund, department, and object level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Township Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Township.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Township during the year.

E. Cash and Investments

Township records identify the purchase of specific investments by specific funds.

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2005, the Township invested in nonnegotiable certificates of deposit, checking accounts and an associated sweep account. The nonnegotiable certificates of deposit are reported at cost.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2005 was \$ 29,317.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent Capital Projects, Debt Service, Cemetery Maintenance and Other Purposes.

Note 2 – Summary of Significant Accounting Policies - (Continued)

G. Inventory and Prepaid Items

The Township reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Township's cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The Township's cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor capital outlay expenditure are reported at inception. Lease payments are reported when paid

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for Gasoline Tax. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Change in Basis of Accounting and Restatement of Fund Equity

Last year the Township reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Township has implemented the cash basis of accounting described in note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and any major special revenue fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$5,725 for the general fund and \$36,688 for major special revenue funds.

Note 5 – Deposits and Investments

Monies held by the Township are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Township treasury. Active monies must be maintained either as cash in the Township treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Trustees have identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Township can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;

Note 5 - Deposits and Investments - (Continued)

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Township, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$1,019,227 of the Township's bank balance of \$1,302,297 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Note 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2005 became a lien on December 31, 2004, were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

Austintown Township
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 6 – Property Taxes - (Continued)

The full tax rate for all Township operations for the year ended December 31, 2005, was \$18.10 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	
Residential & Agricultural	\$384,794,260
Commercial/Industrial/Mineral	125,016,280
Tangible Personal Property	48,359,256
Public Utility	15,094,300
Total Assessed Value	<u>\$573,264,096</u>

Note 7 – Risk Management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

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.

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.

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 \$1,800,370.

Austintown Township
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 7 – Risk Management - (Continued)

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.

Settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform to generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2005.

<u>Casualty Coverage</u>	<u>2005</u>
Assets	\$30,485,638
Liabilities	<u>(12,344,576)</u>
Retained earnings	<u>\$18,141,062</u>
<u>Property Coverage</u>	<u>2005</u>
Assets	\$9,177,796
Liabilities	<u>(1,406,031)</u>
Retained earnings	<u>\$7,771,765</u>

The Casualty Coverage assets and retained earnings noted above include approximately \$11.6 million of estimated incurred claims that will be paid subsequent to December 31, 2005. This amount will be billed and collected from members in the future when the related claims are due for payment. Because OTARMA is a public entity risk pool that shares risk management among its members, a specific liability related to the Township can not be reasonably estimated.

After completing one year of membership, members may withdraw on each anniversary 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 contributions, minus the subsequent year's contribution. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to withdrawal. Withdrawing members have no other future obligation to the pool.

Based on discussions with OTARMA the expected rates charged by OTARMA 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 liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership. The Townships contributions to OTARMA for the past three years are as follows:

<u>Year</u>	<u>Contribution</u>
2005	\$76,696
2004	70,150
2003	71,916

Note 8 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administer three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.50 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.10 percent of their annual covered salary; members in public safety contributed 9.00 percent. The Township's contribution rate for pension benefits for 2005 was 13.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 16.70 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$965,867, \$929,950, and \$941,450 respectively. The full amount has been contributed for 2005, 2004 and 2003. Contributions to the member-directed plan for 2005 were \$570,793 made by the Township and \$395,074 made by the plan members.

B. Ohio Police and Fire Pension Fund

The Township contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.00 percent of their annual covered salary to fund pension obligations while the Township is required to contribute 24.00 percent for firefighters. Contributions are authorized by State statute. The Township's contributions to the Fund firefighters were \$243,438 for the year ended December 31, 2005, \$230,394 for the year ended December 31, 2004 and \$229,266 for the year ended December 31, 2003. The full amount has been contributed for 2005, 2004 and 2003.

Note 9 - Post Employment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll (16.70 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 381,413. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$1,173,042,820. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, were \$8.50 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$61,146,000 and \$6,673,000, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis.

The total firefighter contribution rate is 34.00 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2005. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

Austintown Township
Notes to the Financial Statements
For the Year Ended December 31, 2005

Note 9 - Post Employment Benefits - (Continued)

The Township's actual contributions for 2005 that were used to fund postemployment benefits were \$18,866.48 for firefighters. The OP&F's total health care expense for the year ended December 31, 2005 was \$163,300,000, which was net of member contributions of \$1,642,677,095. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005, was 13,955 for police and 10,609 for firefighters.

Note 10 - Notes Payable

A summary of the note transactions for the year ended December 31, 2005, follows:

	Interest Rate	Balance December 31, 2004	Additions	Reductions	Balance December 31, 2005
<u>Governmental Activities</u>					
<u>Bond Anticipation Note</u>					
2005 Issue	3.625%	\$0	\$500,000	\$500,000	\$0
2005 Issue	3.850%	\$0	\$500,000	\$500,000	\$0

Notes were issues to allow the Township to meet cash flow shortages caused by the timing of property tax collection.

Note 11 – Interfund Transfers

During 2005 the following transfers were made:

	Transfers Out	Transfers In
General Fund	\$1,142,674	
Major Governmental Fund	294	\$1,060,000
Other Governmental Funds	1,478	73,676
Internal Service Fund	161	8,900
Agency Fund		2,031
Total Transfers from the General Fund	<u>\$1,144,607</u>	<u>\$1,144,607</u>

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.



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*

Austintown Township
Mahoning County
82 Ohltown Rd
Austintown, Ohio 44515

To the Board of Trustees:

We have audited the financial statements of Austintown Township (the Township) as of and for the year ended December 31, 2005, and have issued our report thereon dated April 28, 2007 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 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 because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 April 28, 2008, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the Township's management dated April 28, 2008, we reported other matters related to noncompliance we deemed immaterial.

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www.auditor.state.oh.us

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

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

April 28, 2008



Mary Taylor, CPA
Auditor of State

AUSTINTOWN TOWNSHIP

MAHONING 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 10, 2008**