



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, the business-type 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, 2007, 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 Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As 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, the business-type activities, each major fund, and the aggregate remaining fund information of Austintown Township, Mahoning County, Ohio, as of December 31, 2007, and the respective changes in cash financial position and the respective budgetary comparison for the General, the Road and Bridge, the Police District, and the Fire District Funds thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2009, 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

September 14, 2009

Austintown Township
Management's Discussion and Analysis
For the Year Ended December 31, 2007
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, 2007, 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 2007 are as follows:

Net assets of governmental activities increased \$548,234, or 29 percent. The funds most affected by the increase in cash and cash equivalents were the Police Fund and Fire Fund.

The Township's general receipts are primarily property and intergovernmental. These receipts represent \$9,856,671 or 82 percent of the total cash received for the year. Property Tax and intergovernmental receipts for 2007 changed very little compared to 2006.

Net assets of business-type activity totaled \$196,134.

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.

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2007, 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.

Austintown Township
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

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 activities. The Township maintains an office building that rents office space to private sector businesses. Profits from this activity benefit recreational activities of the Township.

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, and Fire. 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.

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 one enterprise fund, the Westchester Building Fund. When the services are provided to other departments of the Township, the service is reported as an internal service fund. The Township 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.

Austintown Township
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2007 compared to 2006 on a cash basis:

	Governmental Activities		Business-Type Activities		Total	
	2007	2006*	2007	2006*	2007	2006
Assets						
Cash and Cash Equivalents	\$2,464,771	\$1,916,537	\$196,134	\$147,835	\$2,660,905	\$2,064,372
Investments	1,000	1,000	0	0	1,000	1,000
Total Assets	\$2,465,771	\$1,917,537	\$196,134	\$147,835	\$2,661,905	\$2,065,372
Net Assets						
Restricted for:						
Capital Outlay	\$13,636	\$14,770	\$0	\$0	\$13,636	\$14,770
Permanent Fund	4,168	4,086	0	0	4,168	4,086
Other Purposes	1,274,617	1,248,178	0	0	1,274,617	1,248,178
Unrestricted	1,173,350	650,503	196,134	147,835	1,369,484	798,338
Total Net Assets	\$2,465,771	\$1,917,537	\$196,134	\$147,835	\$2,661,905	\$2,065,372

*As restated per Note 3 in the
Notes to the Financial
Statements

As mentioned previously, net assets of governmental activities increased \$548,234, or 29 percent during 2007.

The Westchester Building Fund was reclassified this year from a Special Revenue Fund to an Enterprise Fund creating the variance between years in the business type activities.

Table 2 reflects the changes in net assets on a cash basis in 2007.

Austintown Township
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

(Table 2)
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$486,624	\$824,206	\$339,137	\$0	\$825,761	\$824,206
Operating Grants and Contributions	1,661,946	1,235,227			1,661,946	1,235,227
Capital Grants and Contributions	21,307	111,430			21,307	111,430
Total Program Receipts	2,169,877	2,170,863	339,137	0	2,509,014	2,170,863
General Receipts:						
Property and Other Local Taxes	7,478,973	6,573,618			7,478,973	6,573,618
Other Taxes	199,131	206,924			199,131	206,924
Sale of Notes	500,000	1,672,000			500,000	1,672,000
Sale of Fixed Assets	5,512	40,596			5,512	40,596
Cable Franchise Fees	187,287				187,287	0
Grants and Entitlements Not Restricted to Specific Programs	1,335,278	1,222,780			1,335,278	1,222,780
Interest	119,842	181,465			119,842	181,465
Miscellaneous	30,648	85,313	20,978		51,626	85,313
Total General Receipts	9,856,671	9,982,696	20,978	0	9,877,649	9,982,696
Total Receipts	12,026,548	12,153,559	360,115	0	12,386,663	12,153,559
Disbursements:						
General Government	969,075	902,808			969,075	902,808
Public Safety	6,642,059	6,233,917			6,642,059	6,233,917
Public Works	1,828,221	1,615,793			1,828,221	1,615,793
Public Health Services	199,456	206,295			199,456	206,295
Leisure Time Activities	367,720	329,392			367,720	329,392
Other	3,105	172,660			3,105	172,660
Capital Outlay	917,264	793,640			917,264	793,640
Principal Retirement	538,902	1,051,017			538,902	1,051,017
Interest and Fiscal Charges	12,512	44,100			12,512	44,100
Other	0	0	311,816	0	311,816	0
Total Disbursements	11,478,314	11,349,622	311,816	0	11,790,130	11,349,622
Excess (Deficiency) Before Transfers	548,234	803,937	48,299	0	596,533	803,937
Transfers	0	(3,800)	0		0	(3,800)
Increase (Decrease) in Net Assets	548,234	800,137	48,299	0	596,533	800,137
Net Assets, January 1,	1,917,537	1,265,235	147,835	0	2,065,372	1,265,235
Net Assets, December 31,	\$2,465,771	\$2,065,372	\$196,134	\$0	\$2,661,905	\$2,065,372

Austintown Township
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Program receipts represent 18 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees.

General receipts represent 82 percent of the Township's total receipts, and of this amount, 76 percent are local taxes. State and federal grants and entitlements make up the balance of the Township's general receipts (14 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 Service 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 58 and 16 percent of all governmental disbursements, respectively. General government also represents a significant cost, about 8 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.

(Table 3)

	Total Cost of Services 2007	Net Cost of Services 2007	Total Cost of Services 2006	Net Cost of Services 2006
General Government	\$969,075	\$679,734	\$902,807	\$274,376
Public Safety	\$6,642,059	\$5,639,826	\$6,233,917	\$5,578,635
Public Works	\$1,828,221	\$1,130,228	\$1,615,793	\$857,602
Public Health Services	199,456	179,144	206,295	182,713
Leisure Time Activities	367,720	207,723	329,392	224,016
Other	3,105	3,105	172,660	172,660
Capital Outlay	917,264	917,264	793,640	793,640
Principal Retirement	538,902	538,902	1,051,017	1,051,017
Interest and Fiscal Charges	12,512	12,512	44,100	44,100
Total Expenses	\$11,478,314	\$9,308,438	\$11,349,621	\$9,178,759

The dependence upon property and intergovernmental receipts is apparent as over 77 percent of governmental activities are supported through these general receipts.

Austintown Township
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

The Township's Funds

Total governmental funds had receipts of \$12,024,481 and disbursements of \$11,517,004. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$375,011.

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 2007, the Township amended its General Fund budget several times to reflect changing circumstances. The difference between final budgeted receipts and actual receipts was not significant.

Receipts were budgeted at \$1,955,077; actual receipts were \$2,323,252 for a positive variance of \$368,175. Disbursements were budgeted at \$981,187 while actual disbursements were \$841,061 for a positive variance of \$140,126 giving a net positive variance of \$508,323.

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, 2007, the Township had the following outstanding debt:

Road and Bridge	\$36,000
Park	5,073
Westchester Fund	\$385,501

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, 2007

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$2,464,771	\$196,134	\$2,660,905
Investments	1,000		1,000
<i>Total Assets</i>	<u>\$2,465,771</u>	<u>\$196,134</u>	<u>\$2,661,905</u>
Net Assets			
Restricted for:			
Capital Projects	\$13,636		\$13,636
Permanent Fund: For Cemetery Maintenance			
Expendable	3,168		3,168
Nonexpendable	1,000		1,000
Other Purposes	1,274,617		1,274,617
Unrestricted	1,173,350	196,134	1,369,484
<i>Total Net Assets</i>	<u>\$2,465,771</u>	<u>\$196,134</u>	<u>\$2,661,905</u>

See accompanying notes to the basic financial statements

Austintown Township
Mahoning County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2007

	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	Business-Type Activities	Total
Governmental Activities							
General Government	\$969,075	\$254,022	\$35,320		(\$679,733)	\$0	(\$679,733)
Public Safety	6,642,059	55,332	946,901		(5,639,826)	0	(5,639,826)
Public Works	1,828,221	101,674	575,012	21,307	(1,130,228)	0	(1,130,228)
Health	199,456	20,230	82		(179,144)	0	(179,144)
Conservation-Recreation	367,720	55,366	104,631		(207,723)	0	(207,723)
Other	3,105				(3,105)		(3,105)
Capital Outlay	917,264				(917,264)	0	(917,264)
Debt Service:							
Principal Retirement	538,902				(538,902)	0	(538,902)
Interest and Fiscal Charges	12,512				(12,512)	0	(12,512)
<i>Total Governmental Activities</i>	11,478,314	486,624	1,661,946	21,307	(9,308,437)	0	(9,308,437)
Business Type Activity							
Westchester Building	311,816	339,137			0	27,321	27,321
Total	<u>\$11,790,130</u>	<u>\$825,761</u>	<u>\$1,661,946</u>	<u>\$21,307</u>	<u>(9,308,437)</u>	<u>27,321</u>	<u>(9,281,116)</u>
		General Receipts					
		Property Taxes			7,478,973		7,478,973
		Other Taxes			199,131		199,131
		Grants and Entitlements not Restricted to Specific Programs			1,335,278		1,335,278
		Sale of Notes			500,000		500,000
		Sale of Fixed Assets			5,511		5,511
		Cable Franchise Fees			187,287		187,287
		Earnings on Investments			119,843		119,843
		Miscellaneous			30,648	20,978	51,626
		<i>Total General Receipts</i>			9,856,671	20,978	9,877,649
		Change in Net Assets			548,234	48,299	596,533
		<i>Net Assets Beginning of Year</i>			1,917,537	147,835	2,065,372
		<i>Net Assets End of Year</i>			<u>\$2,465,771</u>	<u>\$196,134</u>	<u>\$2,661,905</u>

See accompanying notes to the basic financial statements

Austintown Township
Mahoning County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007

	General	Road and Bridge	Police District	Fire District	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 1,173,349	\$ 191,283	\$ 227,668	\$ 186,638	\$ 555,704	\$ 2,334,642
Investments					1,000	1,000
<i>Total Assets</i>	<u>1,173,349</u>	<u>191,283</u>	<u>227,668</u>	<u>186,638</u>	<u>556,704</u>	<u>2,335,642</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	2,711	5,473	19,816	14,333	2,469	44,802
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	1,170,638					1,170,638
Special Revenue Funds		185,810	207,852	172,305	536,822	1,102,789
Capital Projects Funds					13,244	13,244
Permanent Fund					4,169	4,169
<i>Total Fund Balances</i>	<u>\$ 1,173,349</u>	<u>\$ 191,283</u>	<u>\$ 227,668</u>	<u>\$ 186,638</u>	<u>\$ 556,704</u>	<u>\$ 2,335,642</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, 2007

	General	Road and Bridge	Police District	Fire District	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 820,173	\$ 1,182,018	\$ 3,600,503	\$ 1,783,702	\$ 291,709	\$ 7,678,105
Licenses, Permits and Fees	191,812		3,021	18,000	236,337	449,170
Fines and Forfeitures	17,863				4,831	22,694
Intergovernmental	1,177,093	126,794	463,612	387,868	749,799	2,905,166
Special Assessments					96,674	96,674
Earnings on Investments	115,996				8,406	124,402
Miscellaneous	315	15,138	74,032	29,804	123,469	242,758
<i>Total Receipts</i>	<u>2,323,252</u>	<u>1,323,950</u>	<u>4,141,168</u>	<u>2,219,374</u>	<u>1,511,225</u>	<u>11,518,969</u>
Disbursements						
Current:						
General Government	608,655				165,402	774,057
Public Safety	25,000		4,124,204	2,433,716	225,955	6,808,875
Public Works		1,434,275			465,660	1,899,935
Health	183,540				15,915	199,456
Conservation-Recreation	15,000				354,719	369,719
Capital Outlay	6,155	64,473	262,636	305,417	274,867	913,548
Debt Service:						
Principal Retirement		38,902	300,000	200,000		538,902
Interest and Fiscal Charges			7,507	5,005		12,512
<i>Total Disbursements</i>	<u>838,350</u>	<u>1,537,650</u>	<u>4,694,347</u>	<u>2,944,138</u>	<u>1,502,518</u>	<u>11,517,004</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,484,902</u>	<u>(213,700)</u>	<u>(553,179)</u>	<u>(724,764)</u>	<u>8,707</u>	<u>1,965</u>
Other Financing Sources (Uses)						
Sale of Notes			300,000	200,000		500,000
Sale of Fixed Assets	22		4,585		905	5,512
Transfers In			450,000	650,000	9,913	1,109,913
Transfers Out	(1,109,913)					(1,109,913)
Advances In	1,907,958		1,050,000	800,000	57,958	3,815,916
Advances Out	(1,907,958)		(1,050,000)	(800,000)	(57,958)	(3,815,916)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,109,891)</u>	<u>-</u>	<u>754,585</u>	<u>850,000</u>	<u>10,818</u>	<u>505,512</u>
<i>Net Change in Fund Balances</i>	375,011	(213,700)	201,405	125,235	19,525	507,476
<i>Fund Balances Beginning of Year</i>	<u>798,338</u>	<u>404,983</u>	<u>26,263</u>	<u>61,403</u>	<u>537,179</u>	<u>1,828,166</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,173,349</u>	<u>\$ 191,283</u>	<u>\$ 227,668</u>	<u>\$ 186,638</u>	<u>\$ 556,704</u>	<u>\$ 2,335,642</u>

See accompanying notes to the basic financial statements

Austintown Township
Mahoning County
Statement of Cash Receipts, Disbursements and Changes
In Fund Cash Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 802,000	\$ 802,000	\$ 820,173	\$ 18,173
Licenses, Permits and Fees	182,000	182,000	191,812	9,812
Fines and Forfeitures	20,000	20,000	17,863	(2,137)
Intergovernmental	938,077	938,077	1,177,093	239,016
Earnings on Investments	10,000	10,000	115,996	105,996
Miscellaneous	3,000	3,000	315	(2,685)
<i>Total receipts</i>	<u>1,955,077</u>	<u>1,955,077</u>	<u>2,323,252</u>	<u>368,175</u>
Disbursements				
Current:				
General Government	783,300	750,514	611,366	139,148
Public Safety	25,000	25,000	25,000	-
Health	185,300	183,540	183,540	-
Conservation-Recreation	15,000	15,000	15,000	-
Capital Outlay	2,000	7,133	6,155	978
<i>Total Disbursements</i>	<u>1,010,600</u>	<u>981,187</u>	<u>841,061</u>	<u>140,126</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>944,477</u>	<u>973,890</u>	<u>1,482,191</u>	<u>508,301</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets			22	22
Transfers Out	(1,080,500)	(1,109,913)	(1,109,913)	-
Advances In			1,907,958	1,907,958
Advances Out			(1,907,958)	(1,907,958)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,080,500)</u>	<u>(1,109,913)</u>	<u>(1,109,891)</u>	<u>22</u>
<i>Net Change in Fund Balance</i>	(136,023)	(136,023)	372,300	508,323
<i>Unencumbered Cash Balance Beginning of Year</i>	796,110	796,110	796,110	-
Prior Year Encumbrances Appropriated	2,228	2,228	2,228	-
<i>Fund Balance End of Year</i>	<u>\$ 662,315</u>	<u>\$ 662,315</u>	<u>\$ 1,170,638</u>	<u>\$ 508,323</u>

See accompanying notes to the basic financial statements

Austintown Township
Mahoning County
Statement of Cash Receipts, Disbursements and Changes
In Fund Cash Balance - Budget and Actual - Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 1,155,500	\$ 1,155,500	\$ 1,182,018	\$ 26,518
Intergovernmental	119,564	111,564	126,794	15,230
Miscellaneous	5,150	13,150	15,138	1,988
<i>Total receipts</i>	<u>1,280,214</u>	<u>1,280,214</u>	<u>1,323,950</u>	<u>43,736</u>
Disbursements				
Current:				
Public Works	1,516,400	1,480,025	1,439,749	40,276
Capital Outlay	67,000	64,473	64,473	-
Debt Service:				
Principal Retirement		38,902	38,902	-
<i>Total Disbursements</i>	<u>1,583,400</u>	<u>1,583,400</u>	<u>1,543,124</u>	<u>40,276</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(303,186)</u>	<u>(303,186)</u>	<u>(219,174)</u>	<u>84,012</u>
<i>Net Change in Fund Balance</i>	(303,186)	(303,186)	(219,174)	84,012
<i>Unencumbered Cash Balance Beginning of Year</i>	400,498	400,498	400,498	-
Prior Year Encumbrances Appropriated	4,486	4,486	4,486	-
<i>Fund Balance End of Year</i>	<u>\$ 101,798</u>	<u>\$ 101,798</u>	<u>\$ 185,810</u>	<u>\$ 84,012</u>

See accompanying notes to the basic financial statements

Austintown Township
Mahoning County
Statement of Cash Receipts, Disbursements and Changes
In Fund Cash Balance - Budget and Actual - Budget Basis
Police District Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 3,566,500	\$ 3,566,500	\$ 3,600,503	\$ 34,003
Licenses, Permits and Fees	4,500	4,500	3,021	(1,479)
Intergovernmental	369,735	369,736	463,612	93,876
Miscellaneous	36,100	36,100	74,032	37,932
<i>Total receipts</i>	<u>3,976,835</u>	<u>3,976,836</u>	<u>4,141,168</u>	<u>164,332</u>
Disbursements				
Current:				
Public Safety	4,297,080	4,148,807	4,144,020	4,787
Capital Outlay	121,870	262,636	262,636	-
Debt Service:				
Principal Retirement	300,000	300,000	300,000	-
Interest and Fiscal Charges		7,507	7,507	-
<i>Total Disbursements</i>	<u>4,718,950</u>	<u>4,718,950</u>	<u>4,714,163</u>	<u>4,787</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(742,115)</u>	<u>(742,114)</u>	<u>(572,995)</u>	<u>169,119</u>
Other Financing Sources (Uses)				
Sale of Notes	300,000	300,000	300,000	-
Sale of Fixed Assets			4,584	4,584
Transfers In	450,000	450,000	450,000	-
Advances In			1,050,000	1,050,000
Advances Out			(1,050,000)	(1,050,000)
<i>Total Other Financing Sources (Uses)</i>	<u>750,000</u>	<u>750,000</u>	<u>754,584</u>	<u>4,584</u>
<i>Net Change in Fund Balance</i>	7,885	7,886	181,589	173,703
<i>Unencumbered Cash Balance Beginning of Year</i>	8,217	8,217	8,217	-
Prior Year Encumbrances Appropriated	18,045	18,045	18,045	-
<i>Fund Balance End of Year</i>	<u>\$ 34,147</u>	<u>\$ 34,148</u>	<u>\$ 207,851</u>	<u>\$ 173,703</u>

See accompanying notes to the basic financial statements

Austintown Township
Mahoning County
Statement of Cash Receipts, Disbursements and Changes
In Fund Cash Balance - Budget and Actual - Budget Basis
Fire District Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Property and Other Local Taxes	\$ 1,756,500	\$ 1,756,500	\$ 1,783,702	\$ 27,202
Licenses, Permits and Fees			18,000	18,000
Intergovernmental	430,477	430,477	387,868	(42,609)
Miscellaneous	25,010	25,010	29,804	4,794
<i>Total receipts</i>	<u>2,211,987</u>	<u>2,211,987</u>	<u>2,219,374</u>	<u>7,387</u>
Disbursements				
Current:				
Public Safety	2,623,997	2,555,178	2,445,782	109,396
Capital Outlay	245,003	308,817	307,685	1,132
Debt Service:				
Principal Retirement	200,000	200,000	200,000	-
Interest and Fiscal Charges		5,005	5,005	-
<i>Total Disbursements</i>	<u>3,069,000</u>	<u>3,069,000</u>	<u>2,958,472</u>	<u>110,528</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(857,013)</u>	<u>(857,013)</u>	<u>(739,098)</u>	<u>117,915</u>
Other Financing Sources (Uses)				
Sale of Notes	200,000	200,000	200,000	-
Transfers In	650,000	650,000	650,000	-
Advances In			800,000	800,000
Advances Out			(800,000)	(800,000)
<i>Total Other Financing Sources (Uses)</i>	<u>850,000</u>	<u>850,000</u>	<u>850,000</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(7,013)	(7,013)	110,902	117,915
<i>Unencumbered Cash Balance Beginning of Year</i>	50,883	50,883	50,883	-
Prior Year Encumbrances Appropriated	10,520	10,520	10,520	-
<i>Fund Balance End of Year</i>	<u>\$ 54,390</u>	<u>\$ 54,390</u>	<u>\$ 172,305</u>	<u>\$ 117,915</u>

See accompanying notes to the basic financial statements

Austintown Township
Mahoning County
Statement of Fund Net Assets - Cash Basis
Proprietary Funds
December 31, 2007

	<u>Business-Type Activity</u>	<u>Governmental Activity</u>
	Westchester	
	Building	Internal Service
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 196,134	\$ 130,127
<i>Total Assets</i>	<u>196,134</u>	<u>130,127</u>
Net Assets		
Other Purpose		130,127
Unrestricted	196,134	
Total Net Assets	<u>\$ 196,134</u>	<u>\$ 130,127</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, 2007

	Business-Type Activity	Governmental Activity
	Westchester Building	Internal Service
Operating Receipts		
Other Operating Receipts	339,136	735,496
<i>Total Operating Receipts</i>	<u>339,136</u>	<u>735,496</u>
Operating Disbursements		
Salaries		397,401
Employee Fringe Benefits		239,077
Purchased Services	59,370	46,929
Materials and Supplies		7,981
Other	10,026	1,703
<i>Total Operating Disbursements</i>	<u>69,396</u>	<u>693,091</u>
<i>Operating Income (Loss)</i>	<u>269,740</u>	<u>42,405</u>
Non-Operating Receipts (Disbursements)		
Intergovernmental		1,872
Miscellaneous Receipts	20,978	
Capital Outlay	(24,119)	(3,715)
Principal Payments	(163,534)	
Interest and Fiscal Charges	(54,766)	
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(221,441)</u>	<u>(1,843)</u>
<i>Change in Net Assets</i>	48,299	40,562
<i>Net Assets Beginning of Year</i>	<u>147,835</u>	<u>89,565</u>
<i>Net Assets End of Year</i>	<u>\$ 196,134</u>	<u>\$ 130,127</u>

See accompanying notes to the basic financial statements

Austintown Township
Mahoning County
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
December 31, 2007

	Agency
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 65,679
<i>Total Assets</i>	65,679
 Net Assets	
Other Purposes	65,679
Total Net Assets	\$ 65,679

See accompanying notes to the basic financial statements

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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 and Bridge 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.

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 one Enterprise fund. The Westchester Building Fund collects rental income from the building to be used for Parks and Recreation.

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 are 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 flexible 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.

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.

Note 2 – Summary of Significant Accounting Policies (continued)

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 2007, 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 2007 was \$115,996.

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, Cemetery Maintenance and Other Purposes.

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.

Note 2 – Summary of Significant Accounting Policies (continued)

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 8 and 9, 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 another 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 Police, Fire, and Road and Bridge, among others. 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.

Austintown Township
Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 3 – Fund Restatement

Effective January 1, 2007 the Township reclassified the Westchester Building Fund from a Special Revenue Fund to an Enterprise Fund. The intent of this fund is to recapture costs through user charges. The effect on the financial statements is as follows:

Entity Wide Statements	Governmental	Business
Statement of Net Activities:	Type Activities	Type Activities
	<hr/>	<hr/>
Fund Balance 12/31/2006	2,065,372	-
Restatement Amount	(147,835)	147,385
	<hr/>	<hr/>
Fund Balance 1/1/2007	1,917,537	147,385

Fund Level Statements	Other Governmental	Major Enterprise
Statement of Cash Receipts and Disbursements	Funds	Fund
	<hr/>	<hr/>
Fund Balance 12/31/2006	685,014	-
Restatement Amount	(147,835)	147,385
	<hr/>	<hr/>
Fund Balance 1/1/2007	537,179	147,385

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 is and any major special revenue funds 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 \$2,711 for the General Fund and \$39,622 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:

Note 5 – Deposits and Investments (Continued)

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,
3. Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
4. 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;
5. Bonds and other obligations of the State of Ohio or Ohio local governments;
6. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
7. 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;
8. 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, \$2,441,752 of the Township's bank balance of \$2,727,583 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.

Investments

The Township invests in a certificate of deposit.

Austintown Township
Notes to the Financial Statements
For the Year Ended December 31, 2007

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 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, 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 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2006, were levied after October 1, 2006, 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 2007 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. Tangible personal property is currently assessed at 12.50 percent of true value for capital assets and 12.50 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.

The full tax rate for all Township operations for the year ended December 31, 2007, was \$18.10 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property	
Residential & Agricultural	\$442,423,040
Commercial/Industrial/Mineral	149,454,020
Tangible Personal Property	25,036,242
Public Utility	14,132,790
Total Assessed Value	<u>\$631,046,092</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 insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Insurance

For occurrences prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per claim, including loss adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, and provides up to \$1,750,000 per claim and \$10,000,000 in aggregate per year.

Austintown Township
Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 7 – Risk Management (continued)

For occurrences on or after January 1, 2006, OTARMA retains casualty risk up to \$350,000 per claim, including loss adjustment expenses. OTARMA pays a percentage of its contribution to APEEP. APEEP reinsures claim exceeding \$350,000, and provides up to \$2,650,000 per claim and \$10,000,000 in aggregate per year.

If losses exhaust OTARMA's retained earnings, APEEP covers OTARMA losses up to \$5,000,000 per year, subject to an aggregate of \$10,000,000. Townships can elect additional coverage, from \$3,000,000 to \$13,000,000, General Reinsurance Corporation.

Property Insurance

Travelers reinsure specific losses exceeding \$250,000, and provides up to \$600,000,000 per occurrence. APEEP reinsures members for a specific loss exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provide aggregate stop-loss coverage based upon the combined OTARMA members' total insurable values. 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 \$600,000,000 per occurrence limit.

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 OTARMA member.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform to generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007.

	<u>2007</u>
Assets	\$43,210,703
Liabilities	<u>(13,357,837)</u>
Retained earnings	<u>\$29,852,866</u>

The Casualty Coverage retained earnings noted above include approximately \$11.6 million of estimated incurred claims that will be paid subsequent to December 31, 2007. These amounts 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 annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

Austintown Township
Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 7 – Risk Management (continued)

<u>Year</u>	<u>Contribution</u>
2007	\$59,733
2006	77,997
2005	76,696

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

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, 2007, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.50 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 9.50 percent. The Township's contribution rate for pension benefits for 2007 was 13.85 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 17.17 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, 2007, 2006, and 2005 were \$993,496, \$937,467, and \$965,867 respectively. The full amount has been contributed for 2007, 2006 and 2005. Contributions to the member-directed plan for 2007 were \$609,805 made by the Township and \$383,690 made by the plan members.

Note 8 – Defined Benefit Pension Plan (continued)

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 19.50 percent for police and 24.00 percent for firefighters. Contributions are authorized by State statute. The Township's contribution to the fund for police and firefighters was \$243,362 for the year ended December 31, 2007, and \$240,638 for the year ended December 31, 2006 and \$243,438 for the year ended December 31, 2005. The full amount has been contributed for 2007, 2006 and 2005.

Note 9 - Post employment Benefits

A. Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing multiple-employer defined benefit postemployment healthcare plan for qualifying members of both the traditional and combined pension plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment healthcare. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

To qualify for postemployment healthcare coverage, age and service retirees under the traditional and combined plans must have ten years or more of qualifying Ohio service credit. Healthcare coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised code permits, but does not require, OPERS to provide healthcare benefits to eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are provided separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222 – 7377.

Funding Policy – The postemployment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postemployment healthcare.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2007, local government employers contributed 13.85 percent of covered payroll (17.17 percent for public safety and law enforcement). Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions allocated to fund postemployment healthcare was 5 percent of covered payroll from January 1 through June 30, 2007, and 6 percent from July 1 through December 31, 2007.

The retirement board is also authorized to establish rules for the payment of a portion of the healthcare benefits by the retiree or retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage.

Austintown Township
Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 9 - Post employment Benefits (continued)

The Township's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2007, 2006, and 2005 were \$ 33,539, \$ 26,017, and \$ 22,832 respectively; 100 percent has been contributed for 2007, 2006 and 2005.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, which allowed additional funds to be allocated to the healthcare plan.

B. Ohio Police and Fire Pension Fund

Plan Description – The Township contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium reimbursement and long term care. OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit or is a spouse or eligible dependent child of such person.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority of the OP&F Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5146.

Funding Policy – OP&F's postemployment healthcare plan was established and is administered as an Internal Revenue Code 401 (h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan, members, currently, 24 percent of covered payroll for fire employers.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401 (h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2007, the employer contribution allocated to the healthcare plan was 7.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401 (h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the OPEB Plan.

The Township's contributions to OP&F which were allocated to fund post-employment healthcare benefits for firefighters were \$26,719 for the year ending December 31, 2007, \$18,649 for the year ending December 31, 2006 and \$18,866 for the year ending December 31, 2005. The full amount has been contributed for 2007, 2006, and 2005.

Austintown Township
Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 10 - Notes Payable

A summary of the note transactions for the year ended December 31, 2007, follows:

	Interest Rate	Balance December 31, 2006	Additions	Reductions	Balance December 31, 2007
<u>Governmental Activities</u>					
2006 Promissory Note	5.250%	\$72,000		\$36,000	\$36,000
2006 Loan	0.000%	\$6,634		\$1,561	\$5,073
<u>Business Activities Note</u>					
2006 General Obligations	7.250%	\$548,983		\$163,483	\$ 385,501
<u>Tax Anticipation Note</u>					
2007 Issue	4.950%		\$500,000	\$500,000	\$ 0

The 2006 Promissory Note was for the purchase of a street sweeper. The 2006 Loan was for the purpose of purchasing a new tractor of the Park Department. The Business Activities General Obligations Note was issued in 2006 for the purpose of renovating and improving an office building for Township purposes. The tax anticipation notes were issued to allow the Township to meet cash flow shortages caused by the timing of property tax collection.

Note 11 – Interfund Transfers

During 2007 the following transfers were made:

Transfers from the General Fund to:	
Major Governmental Fund	\$1,100,000
Other Governmental Funds	9,913
Total Transfers from the General Fund	<u>\$1,109,913</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.

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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, 2007, and have issued our report thereon dated September 14, 2009 wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted a certain matter that we reported to the Township's management in a separate letter dated September 14, 2009.

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*.

We did note certain noncompliance or other matters that we reported to the Township's management in a separate letter dated September 14, 2009.

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



Mary Taylor, CPA
Auditor of State

September 14, 2009



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
OCTOBER 6, 2009**