



Mary Taylor, CPA
Auditor of State

**BOARDMAN TOWNSHIP
MAHONING COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2006.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Fiduciary Fund Types - For the Year Ended December 31, 2006.....	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2005.....	7
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - Fiduciary Fund Type - For the Year Ended December 31, 2005.....	8
Notes to the Financial Statements	9
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	17
Schedule of Findings	19

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Mary Taylor, CPA
Auditor of State

Boardman Township
Mahoning County
8299 Market Street
Boardman, Ohio 44512

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

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April 20, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Boardman Township
Mahoning County
8299 Market Street
Boardman, Ohio 44512

To the Board of Trustees:

We have audited the accompanying financial statements of Boardman Township, Mahoning County, (the "Township") as of and for the years ended December 31, 2006 and 2005. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

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

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately.

While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2006 and 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2006 and 2005, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Boardman Township, Mahoning County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 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.



Mary Taylor, CPA
Auditor of State

April 20, 2009

**BOARDMAN TOWNSHIP
MAHONING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash Receipts:				
Property and Other Local Taxes	\$6,222,799	\$3,776,217	\$0	\$9,999,016
Licenses, Permits, and Fees	351,663	94,552		446,215
Intergovernmental	2,136,267	875,992		3,012,259
Special Assessments		262,189		262,189
Earnings on Investments	393,413	6,412		399,825
Miscellaneous	283,020	192,194		475,214
Total Cash Receipts	9,387,162	5,207,556	0	14,594,718
Cash Disbursements:				
Current:				
General Government	1,526,950	107,744		1,634,694
Public Safety	9,214,759	2,808,641		12,023,400
Public Works	704,057	2,896,590		3,600,647
Health	300,427			300,427
Capital Outlay	593,041		3,700	596,741
Total Cash Disbursements	12,339,234	5,812,975	3,700	18,155,909
Total Receipts Over/(Under) Disbursements	(2,952,072)	(605,419)	(3,700)	(3,561,191)
Other Financing Receipts / (Disbursements):				
Sale of Fixed Assets	35,825			35,825
Transfers-In		917,970		917,970
Transfers-Out	(917,970)			(917,970)
Advances-In	1,076,000	1,076,000		2,152,000
Advances-Out	(1,076,000)	(1,076,000)		(2,152,000)
Total Other Financing Receipts / (Disbursements)	(882,145)	917,970	0	35,825
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	(3,834,217)	312,551	(3,700)	(3,525,366)
Fund Cash Balances, January 1	9,390,478	1,914,358	79,835	11,384,671
Fund Cash Balances, December 31	\$5,556,261	\$2,226,909	\$76,135	\$7,859,305
Reserve for Encumbrances, December 31	\$318,988	\$61,201	\$0	\$380,189

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

**BOARDMAN TOWNSHIP
MAHONING COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006**

	Fiduciary Fund Types		Totals (Memorandum Only)
	Private Purpose Trust	Agency	
Operating Cash Receipts:			
Total Operating Cash Receipts	0	0	0
Operating Cash Disbursements:			
Total Operating Cash Disbursements	0	0	0
Operating Income/(Loss)	0	0	0
Non-Operating Cash Receipts:			
Other Non-Operating Cash Receipts	5,000	0	5,000
Total Non-Operating Cash Receipts	5,000	0	5,000
Non-Operating Cash Disbursements:			
Total Non-Operating Cash Disbursements	0	0	0
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	5,000	0	5,000
Net Receipts Over/(Under) Disbursements	5,000	0	5,000
Fund Cash Balances, January 1	0	22,088	22,088
Fund Cash Balances, December 31	\$5,000	\$22,088	\$27,088
Reserve for Encumbrances, December 31	\$0	\$0	\$0

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

**BOARDMAN TOWNSHIP
MAHONING COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property and Other Local Taxes	\$6,041,151	\$3,612,227	\$0	\$9,653,378
Licenses, Permits, and Fees	466,657	82,017		548,674
Intergovernmental	9,956,757	816,415	302,869	11,076,041
Special Assessments		240,221		240,221
Earnings on Investments	193,575	2,477		196,052
Miscellaneous	155,315	175,426		330,741
	<u>16,813,455</u>	<u>4,928,783</u>	<u>302,869</u>	<u>22,045,107</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
General Government	1,590,934	96,473		1,687,407
Public Safety	9,024,229	2,728,382		11,752,611
Public Works	894,036	2,762,245		3,656,281
Health	279,835			279,835
Capital Outlay	237,950	66,043	311,380	615,373
	<u>12,026,984</u>	<u>5,653,143</u>	<u>311,380</u>	<u>17,991,507</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>4,786,471</u>	<u>(724,360)</u>	<u>(8,511)</u>	<u>4,053,600</u>
Other Financing Receipts / (Disbursements):				
Sale of Fixed Assets	90,983			90,983
Transfers-In	10,337	407,746	160,000	578,083
Transfers-Out	(567,746)	(9,364)	(973)	(578,083)
Advances-In	492,012	261,000		753,012
Advances-Out	(261,000)	(261,000)	(231,012)	(753,012)
	<u>(235,414)</u>	<u>398,382</u>	<u>(71,985)</u>	<u>90,983</u>
Total Other Financing Receipts / (Disbursements)				
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	4,551,057	(325,978)	(80,496)	4,144,583
Fund Cash Balances, January 1 (Restated - See Note 8)	<u>4,839,421</u>	<u>2,240,336</u>	<u>160,332</u>	<u>7,240,089</u>
Fund Cash Balances, December 31	<u>\$9,390,478</u>	<u>\$1,914,358</u>	<u>\$79,836</u>	<u>\$11,384,672</u>
Reserve for Encumbrances, December 31	<u>\$349,397</u>	<u>\$49,965</u>	<u>\$1,052</u>	<u>\$400,414</u>

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

**BOARDMAN TOWNSHIP
MAHONING COUNTY**

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

	Fiduciary Fund Type
	Agency
Operating Cash Receipts:	
Total Operating Cash Receipts	0
Operating Cash Disbursements:	
Total Operating Cash Disbursements	0
Operating Income/(Loss)	0
Non-Operating Cash Receipts:	
Property Tax and Other Local Taxes	9,064
Total Non-Operating Cash Receipts	9,064
Non-Operating Cash Disbursements:	
Total Non-Operating Cash Disbursements	0
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	9,064
Net Receipts Over/(Under) Disbursements	9,064
Fund Cash Balances, January 1	13,024
Fund Cash Balances, December 31	\$22,088
Reserve for Encumbrances, December 31	\$0

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

**BOARDMAN TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of Boardman Township, Mahoning County, (the "Township") as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and police and fire protection. On October 12, 1999, the Board of Trustees passed a resolution that was to take effect on November 11, 1999, establishing Boardman Township as a "limited home rule government" and "urban township" as authorized by Chapter 504 of the Ohio Revised Code. This enabled the Township to exercise limited powers of local self-government and limited police powers.

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township values certificates of deposit at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

D. Fund Accounting

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes.

**BOARDMAN TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The Township had the following significant Special Revenue Funds:

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

Police District Fund - This fund receives local tax money and monies from fines, forfeitures and fees to pay for police protection for the Township.

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Project funds:

Indianola Road/Southern Blvd. Detention Basin Fund - The Township received a grant from the State of Ohio to upgrade the storm water infrastructure on Indianola Road and Southern Boulevard.

Capital Projects Fund – The Township uses this fund to make necessary capital improvements with transfers from the General Fund.

4. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds 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 private purpose trust fund is for the benefit of certain cemetery lots.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township's agency fund accounts for money from outdated checks that have not been cashed within 12 months of issue date. Any money paid out of this fund is paid to someone who had money due to them from the Township but did not cash the check within 12 months of the issue date.

E. Budgetary Process

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

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**BOARDMAN TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2006 and 2005 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. Accumulated Leave

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

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2006	2005
Demand deposits	\$3,584,048	\$7,220,964
Certificates of deposit	1,982,938	2,436,243
Total deposits	5,566,986	9,657,207
STAR Ohio	129,497	123,460
Repurchase agreement	2,189,910	1,626,093
Total investments	2,319,407	1,749,553
Total deposits and investments	\$7,886,393	\$11,406,760

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

Investments: The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

**BOARDMAN TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$9,732,377	\$9,422,987	(\$309,390)
Special Revenue	6,119,537	6,125,526	5,989
Capital Projects	1,250,000	0	(1,250,000)
Trust	15,000	5,000	(10,000)
Total	<u>\$17,116,914</u>	<u>\$15,553,513</u>	<u>(\$1,563,401)</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$13,772,268	\$13,576,192	\$196,076
Special Revenue	6,030,894	5,874,176	156,718
Capital Projects	1,250,000	3,700	1,246,300
Trust	0	0	0
Total	<u>\$21,053,162</u>	<u>\$19,454,068</u>	<u>\$1,599,094</u>

2005 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$15,956,677	\$16,914,775	\$958,098
Special Revenue	5,522,029	5,336,529	(185,500)
Capital Projects	242,008	462,869	220,861
Total	<u>\$21,720,714</u>	<u>\$22,714,173</u>	<u>\$993,459</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$13,631,957	\$12,944,127	\$687,830
Special Revenue	5,941,412	5,712,472	228,940
Capital Projects	412,456	313,405	99,051
Total	<u>\$19,985,825</u>	<u>\$18,970,004</u>	<u>\$1,015,821</u>

Contrary to Ohio law, the Township maintained a nonexpendable trust fund that was established by the Board of Trustees and funded by a transfer of \$490,000 from the General fund and not with donations or contributions with a related trust agreement. Posted adjustments are reflected in the Township's financial statements.

**BOARDMAN TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions.

The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Township.

5. RETIREMENT SYSTEMS

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2006 and 2005, OP&F participants contributed 10% of their wages. For 2006 and 2005, the Township contributed to OP&F an amount equal to 24% of their wages. For 2006 and 2005, OPERS members contributed 9 and 8.5%, respectively, of their gross salaries and the Township contributed an amount equaling 13.7 and 13.55%, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2006.

6. RISK MANAGEMENT

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. 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.

**BOARDMAN TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

6. RISK MANAGEMENT - (Continued)

Casualty Coverage

For an occurrence prior to January 1, 2006 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. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage 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 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

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 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 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

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 government.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006 and 2005.

<u>Casualty Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$32,031,312	\$30,485,638
Liabilities	(11,443,952)	(12,344,576)
Retained earnings	<u>\$20,587,360</u>	<u>\$18,141,062</u>

**BOARDMAN TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

6. RISK MANAGEMENT - (Continued)

<u>Property Coverage</u>	<u>2006</u>	<u>2005</u>
Assets	\$10,010,963	\$9,177,796
Liabilities	(676,709)	(1,406,031)
Retained earnings	<u>\$9,334,254</u>	<u>\$7,771,765</u>

At December 31, 2006 and 2005, respectively, casualty coverage liabilities noted above include approximately \$10.8 million and \$11.6 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$10.8 million and \$11.6 million of unpaid claims to be billed to approximately 958 member governments in the future, as of December 31, 2006 and 2005, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$199,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
2004	\$139,690
2005	\$140,895
2006	\$99,438

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they give 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.

The Township also provides health insurance, dental and vision coverage to full-time employees through a private carrier.

7. CONTINGENT LIABILITIES

The Township is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

**BOARDMAN TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

8. PRIOR PERIOD ADJUSTMENT

The year ended December 31, 2004 audited fund balances did not agree to the beginning January 1, 2005 system fund balances due to the following adjustment which was made to properly reflect monies that had been improperly recorded in the non-expendable trust fund.

<u>Fund Type</u>	<u>12/31/04 Fund Cash Balances</u>	<u>Adjustments</u>	<u>01/01/05 Fund Cash Balances</u>
General Fund	\$4,261,406	\$578,015	\$4,839,421
Non-Expendable Trust	578,015	(578,015)	0

9. RELATED ENTITY

The Trustees appoint a three-member Board of Commissioners to govern the Boardman Township Park District. The Trustees' accountability is limited to the appointment of the Board of Commissioners. The Park Commissioners are authorized to acquire, develop, protect, maintain, and improve park lands and facilities. The Park District is fiscally autonomous from the Township. There were no related party transactions identified between the Park District and the Township.



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*

Boardman Township
Mahoning County
8299 Market Street
Boardman, Ohio 44512

To the Board of Trustees:

We have audited the financial statements of Boardman Township, Mahoning County, (the "Township") as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated April 20, 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

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 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.

We consider finding 2006-001 described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting.

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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We do not believe the significant deficiency described above is a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2006-002.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated April 20, 2009.

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

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



Mary Taylor, CPA
Auditor of State

April 20, 2009

**BOARDMAN TOWNSHIP
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2006 AND 2005**

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

FINDING NUMBER 2006-001

Significant Deficiency

Auditor of State Bulletin 97-003 was issued to provide guidance on the accounting treatment for inter-fund cash advances. Advances are a desirable method of resolving cash flow problems without the necessity of incurring additional interest expense for short-term loans and to provide the necessary “seed” for grants that are allocated on a reimbursement basis. The intent for this type of cash advance is to require repayment within the current year.

In 2005, the Township made the following two transfers from Permanent Improvement funds to the General Fund:

FUND	TRANSFER OUT	TRANSFER IN	FUND
East/West Parkside (4301)	\$82,008		
Indianola/Southern Blvd (4401)	149,004		
TOTAL	\$231,012	\$231,012	General

In reviewing the circumstances surrounding these transfers, it was noted that the Township’s intent was to advance these monies to the Permanent Improvement funds rather than make a transfer.

As a result of this error, the Township passed resolution 09-03-11-10 correcting the verbiage used for this transaction from the “transfer of monies” to the “advancement of monies”. The Township’s financial statements have been adjusted to reflect this change.

We recommend the Township use discretion in their use of transfers and advances and follow the guidance of Ohio Revised Code Sections 5705.14-.16 with regards to transfers and Auditor of State Bulletin 97-003 regarding the use of advances when this situation occurs again.

Officials’ Response:

Boardman Township recognizes the finding as a deficiency. It does not agree with the “significant finding” designation. The facts clearly show the intent of the transaction (advance vs. transfer) with the subsequent passage of the resolution. All monies were transferred to the General Fund as a reimbursement of General Fund dollars previously spent.

Boardman Township will follow the guidance of the Ohio Revised Code Sections 5705.14-16 and the Auditor of State Bulletin 97-003 regarding the use of advances.

FINDING NUMBER 2006-002

Noncompliance Citation

Ohio Revised Code § 5705.131 provides, in part, that a taxing authority of a subdivision may establish a nonexpendable trust fund for the purpose of receiving donations or contributions that the donor or contributor requires to be maintained intact. The principal of such fund may be invested, and the investment earnings on the principal shall be credited to the fund.

**FINDING NUMBER 2006-002
(Continued)**

The Township has maintained a nonexpendable trust fund. However, this fund was established by the Board of Trustees and was funded with a transfer of \$490,000 from the General Fund, and not with donations or contributions with a related trust agreement.

The client has agreed to and posted adjustments which are also reflected in the financial statements.

Officials' Response:

Adjustments have been made.



Mary Taylor, CPA
Auditor of State

BOARDMAN 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
MAY 19, 2009**