



Certified Public Accountants, A.C.

**CANFIELD TOWNSHIP
MAHONING COUNTY
Regular Audit
For the Years Ended December 31, 2017 and 2016**

313 Second St.
Marietta, OH 45750
740 373 0056

1907 Grand Central Ave.
Vienna, WV 26105
304 422 2203

150 W. Main St., #A
St. Clairsville, OH 43950
740 695 1569

1310 Market St., #300
Wheeling, WV 26003
304 232 1358

749 Wheeling Ave., #300
Cambridge, OH 43725
740 435 3417



Dave Yost • Auditor of State

Board of Trustees
Canfield Township
21 South Broad Street
Canfield, OH 44406

We have reviewed the *Independent Auditor's Report* of Canfield Township, Mahoning County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2016 through December 31, 2017. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

November 19, 2018

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**CANFIELD TOWNSHIP
MAHONING COUNTY**

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MAHONING COUNTY**

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INDEPENDENT AUDITOR'S REPORT

August 24, 2018

Canfield Township
Mahoning County
21 S. Broad Street
Canfield, Ohio 44406

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Canfield Township**, Mahoning County, Ohio (the Township), as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the modified cash accounting basis Note 2 describes. This responsibility includes determining that the modified cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

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Auditor's Responsibility (Continued)

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Canfield Township, Mahoning, Ohio, as of December 31, 2017 and 2016, and the respective changes in modified cash financial position and the respective budgetary comparisons for the General, Road District, and Public Works Funds thereof for the year ending December 31, 2017 and the General and Road District Funds for the year ended December 31, 2016 in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the modified cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Other Information

We applied no procedures to management's discussion & analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2018, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

Canfield Township
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

This discussion and analysis of Canfield Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2017, within the limitations of the Township's modified 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 2017 are as follows:

The Township's general receipts are primarily property taxes that represent generally about 60 percent of the total cash received for governmental activities during the year. The total of all property tax receipts of all funds for 2017 were \$969,583 and in 2016 were \$968,562 that represents an increase of \$1,021 and includes other taxes collected. Lodging tax collections for 2017 were \$131,215, 2016 were \$119,993 that represents an increase of \$11,222 about a 9.4 percent that is included in all taxes collected.

The net position of governmental activities changed to \$4,405,392 at the end of 2017 and at the end of 2016 \$4,329,035 that represents a fund balance increase of \$76,046 over 2016.

General:

Joint Economic Development District (JEDD) - Annexation Activity in 2017– The Township has been experiencing an increase in Township property owners filing Annexation requests to the City of Canfield to acquire water and sanitary service since 2015; so their land can be developed and become more valuable for resale or building purposes. Since Townships are not permitted to provide water or sanitary services, landowners seeking this infrastructure must request annexation of their property into the City of Canfield in order to procure these City services.

Type 2 Annexation is the most expeditious form of the expedited annexation procedure where if 100% of the property owners of real estate in the unincorporated area of a Township sign an annexation petition, then a municipal corporation is permitted to complete the annexation without a hearing or other procedural hurdles.

However, due to a settlement agreement dated May 15, 2007, which the City of Canfield and Canfield Township are a party to and adopted as an order of the Mahoning County Common Pleas Court. Before the City moves forward on an annexation petition the Court order clearly and unambiguously calls upon the parties to negotiate in good faith towards terms of a Joint Economic Development District (JEDD) agreement or other enforceable annexation agreement for avoiding annexation disputes.

This Court agreement has assisted the Township in objecting to several Annexation Petitions including:

- MALA Properties, Inc., filed on August 22, 2016 and resulted in an Annexation agreement, completed on February 1, 2017.
- Lanterman-Bitonte filed on June 2, 2017 and at year's end is in the final negotiations of a new JEDD and the second for Canfield Township and Mahoning County.

The City of Canfield and Canfield Township during 2017 have been working on an Annexation Agreement for the Red Gate Farm property, which is located in the Township and owned by the City of Canfield however; at year's end, this agreement is still in the negotiation stage.

Canfield Township
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

Annexation Activity in 2017– (continues) The Township has had to secure outside legal counsel specializing in Annexations and JEDD Agreements to ensure that it obtained the best outcome for its residents and future development of the Township. The cost of the legal counsel in 2017 for annexation purposes alone was \$14,325.

Sheriff's Contract – The Township contracted with the Mahoning County Sheriff's Department for which they provide, but not limited to; deputies, equipment, detectives, investigative services, traffic patrols, and other police assistance that is typically performed by a Township Police Department. The Board entered into a two-year contractual agreement on April 23, 2014 by Resolution #2014-04-23-90 with the Mahoning County Sheriff's Department. The contracts cost for 2017 was \$290,470 and in 2016 was \$317,819 that represents a decrease of \$27,349. The Sheriff's Contract remains the largest expenditure paid from the General Fund

Healthcare Insurance – The Township switched to a High Deductible Health Care Policy/part self-insured with a max exposure of \$ 83,500. The actual expenditure in 2017 was \$55,606 for a savings of \$27,894 and in 2016 was \$58,316 for a savings of \$25,184.

Hall Remodeling – The Board approved and completed the remodeling of the bathrooms in the Township Hall for approximately \$4,000.00. The Township was able to save about \$3,000 on the cost because our Administrator served as the project manager.

School Resource Officer (SRO) – The Board entered into an agreement with the City of Canfield to cover one-half of 75% of the costs for one officer for performance of its obligations pursuant to the SRO Agreement, which was \$31,553 paid in 2017 and \$30,936 paid in 2016. The City of Canfield and Canfield Township will pursue negotiations with Canfield Local Schools in sharing the cost of the SRO to reduce the financial obligation to the City of Canfield and the Township while providing the same level of protection to the school community.

Canfield Township Community Park – Due to budgetary concerns, the Board agreed to limit expenditures for new projects at the park. The Township entered into a contract for the mowing of the park at a cost of \$6,120 and fertilization for a cost of \$2,750 for a total of \$8,870. The Township disbursed only \$4,568 on these contracts mainly due to weather for a savings of \$4,302. The Township purchased a commercial water heater for the park. The Township has begun to collect rental fees for use of the park facilities and has a signed annual storage rental agreement with the Canfield Soccer Club for the multipurpose building storage area. The Township has collected \$3,684 in rental fees in 2017.

Donations of Funds – By Resolution of the Board, the following received donations from the General Fund. Canfield Veteran's Museum received \$1,000; American Legion Post 177 received \$1,000; and Fourth of July Parade received \$4,920 totaling \$6,920.

Public Works Projects:

Salt Purchases – The State of Ohio's Salt Purchasing Program total cost for 2017 was \$40,576, 2016 was \$31,400 in comparison to 2015 at \$83,594.

Road Expenses – Due to the aging infrastructure, the Township has had numerous sinkholes, catch basin repairs and an unusual amount of cold & hot mix asphalt due to exceeding the useful life of the asphalt.

The Board contracted out and approved in-house repairs of catch basins to include over-time of personnel. The Board encumbered \$54,500 for such repairs. The Township spent by contract \$27,500 and in-house \$1,722 for a total cost of \$29,222 for catch basin repairs; not including over-time of employees.

Canfield Township
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

Paving Program – The paving program came in under budget at \$64,778, a savings of \$1,645. In 2016 the program cost was \$144,161 but was under budget by \$45,839.

Equipment Purchase – The Township entered into a lease to purchase agreement where the aggregate principal component of the rental payments under the Agreement shall not exceed \$132,472.00, and the interest component of the rental payments under the agreement shall accrue at a fixed rate of 2.37% per year. The rental payments shall be payable for a period not to exceed five (5) years in approximately ten equal semi-annual installments of \$14,139.39 for the 2018 International Plow Truck in 2017 with Farmers National Bank. The Township sold the old plow truck to the Canfield Local School District for \$3500.

Zoning Department – Although it continues to be a challenge due to the slow economy, decrease construction of single-family homes and lack of commercial development/construction, the Township continues strong in the number of homes and commercial permits processed in Mahoning County. In 2017, the Zoning Department received in permits \$66,554 and \$108,854 in 2016. Appeals fees received in 2017 totaled \$3,100 and \$7,100 in 2016.

The Zoning Board of Commission has begun the process of formulating a new Land Use Plan that should finalize next year.

Fire District – The Township replaced a failed generator at Fire Station III at a total cost of \$16,859 and upgraded the lighting system at a cost of \$1,850. Total spent in 2017 from the Fire Fund was \$27,133.

Cemetery – The Township has completed the second phase of the first ever Headstone Restoration Program at Dean Hill Cemetery.

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 Township's modified 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 monies use, which is restricted to a particular or 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 modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

Canfield Township
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the Government as a Whole

The statement of net position and the statement of activities reflect how the Township did financially during 2017, within the limitations of modified cash basis accounting. The statement of net position 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 Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the modified 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, such as:

- The Township's property tax base;
- The condition of the Township's capital assets and infrastructure;
- The extent of the Township's debt obligations;
- The reliance on non-local financial resources for operations;
- The need for continued growth in the major local revenue sources such as property taxes in the statement of net position and the statement of activities.

Most of the Township's basic services are reported in the statement of net position and the statement of activities that includes streets and parks. Property taxes, state and federal grants finance most of these activities. The benefits provided through governmental activities are not necessarily paid for by the people receiving the benefits.

Reporting the Township's Most Significant 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 there is restricted money and that it is being used 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 non-major 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 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.

Canfield Township
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

Proprietary Funds –The Township has no internal service fund.

The Government as a Whole

Table 1 provides a summary of the net position for 2017 compared to 2016 on a modified cash basis:

	Net Position	
	Governmental Activities	
	<u>2017</u>	<u>2016</u>
Assets		
Cash and Cash Equivalents	\$1,482,755	\$2,374,312
Investments	2,922,637	1,954,723
Total Assets	<u>\$4,405,392</u>	<u>\$4,329,035</u>
Net Position		
Restricted for:		
Other Purposes	\$590,519	\$580,450
Assigned		
Other Purposes	108,169	72,684
Unrestricted	3,706,704	3,675,901
Total Net Position	<u>\$4,405,392</u>	<u>\$4,329,035</u>

As mentioned previously, the net position of governmental activities increased by \$76,046 or by 1.7 percent in 2017. The primary reasons contributing to the increase in cash balances are that the Mercedes Project was moved to the following year and good investment decisions.

Table 2 reflects the changes in net position on a modified cash basis in 2017 and 2016 for governmental activities.

	Changes in Net Position	
	Governmental Activities	
	<u>2017</u>	<u>2016</u>
Program Receipts:		
Operating Grants and Contributions	\$ 118,211	\$ 116,108
Charges for Services and Sales	226,381	268,536
Total Program Receipts	<u>344,592</u>	<u>384,644</u>
General Receipts:		
Property and Other Local Taxes	766,947	776,175
Other Taxes	234,597	225,505
Grants and Entitlements not Restricted to Specific Programs	200,516	328,870
Intergovernmental	61,694	-
Cable Franchise Fees	61,414	59,470
Earnings on Investments	41,310	38,965
Miscellaneous	31,963	22,061
Debt Proceeds	132,472	-
Total General Receipts	<u>1,530,913</u>	<u>1,451,046</u>
Total Receipts	<u>1,875,505</u>	<u>1,835,690</u>
Disbursements:		
General Government	371,645	377,937
Public Safety	317,605	336,947
Public Works	533,631	584,422
Health	95,319	102,782
Conservation/Recreation	10,290	13,792
Capital Outlay	379,082	263,543
Debt Service		
Principal Retirement	85,834	83,778
Interest and Fiscal Charges	6,053	8,109
Total Disbursements	<u>1,799,459</u>	<u>1,771,310</u>
Excess (Deficiency) Before Transfers	<u>76,046</u>	<u>64,380</u>
Increase (Decrease) in Net Position	76,046	64,380
Net Position, January 1	4,329,346	4,281,155
Net Position, December 31	<u>\$ 4,405,392</u>	<u>\$ 4,345,535</u>

Canfield Township
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

General receipts represent 70 percent of the Township's total receipts. State and federal grants and entitlements and other receipts make up the balance of the Township's general receipts and are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represents the overhead cost of running the Township and the support services provided for other Township activities. These include the cost of the Board of Trustees, the Fiscal Officer and the Administrator/Road Superintendent, since these costs do not represent direct services to residents, we try to limit them.

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 general government, public safety, and public works, which represents 95 percent of all governmental disbursements. General government represents a significant cost. 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 is presented in Table 3.

Governmental Activities		
	Total Cost Of Services 2017	Total Cost Of Services 2016
General Government	\$ 371,645	\$ 377,937
Public Safety	317,605	336,947
Public Works	533,631	584,422
Health	95,319	102,782
Conservation/Recreation	10,290	13,792
Capital Outlay	379,082	265,543
Debt Service:		
Principal Retirement	85,834	83,778
Interest and Fiscal Charges	6,053	8,109
Total Expenses	\$ 1,799,459	\$ 1,773,310

The dependence upon property tax receipts is apparent as over 53 percent of governmental activities are supported through these general receipts. Cost of service increased in 2017 by \$26,149 over 2016 that represents a minimal decrease.

The Township's Funds

Total governmental funds had receipts of \$1,875,505 and disbursements of \$1,799,459. Revenues exceed expenditures by \$76,046. The greatest change within governmental funds occurred within the General Fund.

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. The General Fund 2017 ending balance was \$3,844,360 and 2016 ending balance was \$3,778,367. Although the increase was not significant, the income sources are unpredictable and in fact, without these unpredictable revenue sources, such as the Lodging Tax, the General Fund increase would have been less.

Canfield Township
Management's Discussion and Analysis
For the Year Ended December 31, 2017
Unaudited

The Township's Funds - Expenditures

The largest expenditure coming from the General Fund is the Sheriff's Contract at \$290,470; the Road Fund had total expenditures of \$381,174 that includes \$100,000 transfers of funds from the General. The Township completed Starr Centre Phase I, disbursing \$66,557 to finalize the project.

The Public Works Department is comprised of two full-time and two part-time employees during the regular work schedule. The Township has two seasonal snowplow drivers. The Road Fund supports thirty percent of the Administrator/Road Superintendent's wages. Wages for the Public Works Department were as follows: 2017 \$178,114; 2016 \$169,001; 2015 \$178,652, and in 2014 \$170,648.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure on electronic form but hard copy is available. The Public Works Department along with the Administrator have begun recording infrastructure electronically.

Debt

On December 31, 2017, the Township had outstanding debt of \$366,793 and in 2016 had outstanding debt of \$268,803 that represents an increase of outstanding debt of \$97,990 over 2016.

Current Issues

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limitations, and in some cases shrinking, funding. The Township relies heavily on local taxes and has very little industry to support the base. The Township's first JEDD will provide a modest increase in property taxes next year. The Local Government fund continues to decrease. The Board continues to review the revenues and disbursement history of the Township.

The Board has been concerned with low permit volume but has seen a turnaround in construction of single-family units as well as some commercial construction. Although the Board is aware that the Zoning Department needs closely watched, they feel confident that the Township will continue to lead Mahoning County in permit issuance.

Contacting the Government's Financial Management

This financial report are 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. Direct questions concerning any of the information in this report or requests for additional information to Carmen I. Heasley, Fiscal Officer, Canfield Township, Mahoning County, at 21 South Broad St., Canfield, Ohio 44406 – 330-533-4239.

Canfield Township, Mahoning County
Statement of Net Position - Modified Cash Basis
December 31, 2017

	Governmental Activities	Total
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 1,482,755	\$ 1,482,755
Investments	2,922,637	2,922,637
<i>Total Assets</i>	\$ 4,405,392	\$ 4,405,392
 Net Position		
Restricted for:		
Other Purposes	669,201	669,201
Unrestricted	3,736,191	3,736,191
<i>Total Net Position</i>	\$ 4,405,392	\$ 4,405,392

See accompanying notes to the basic financial statements

Canfield Township, Mahoning County
Statement of Assets and Fund Balances - Modified Cash Basis
Governmental Funds
December 31, 2017

	General	Road District	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 892,236	\$ 33,235	\$ 557,284	\$ 1,482,755
Investments	2,922,637	-	-	2,922,637
<i>Total Assets</i>	<u>\$ 3,814,873</u>	<u>\$ 33,235</u>	<u>\$ 557,284</u>	<u>\$ 4,405,392</u>
Fund Balances, December 31				
Restricted	\$ -	\$ 33,235	\$ 557,284	\$ 590,519
Assigned	108,169	-	-	108,169
Unassigned	3,706,704	-	-	3,706,704
<i>Total Fund Balances</i>	<u>\$ 3,814,873</u>	<u>\$ 33,235</u>	<u>\$ 557,284</u>	<u>\$ 4,405,392</u>

See accompanying notes to the basic financial statements

Canfield Township, Mahoning County
Statement of Receipts, Disbursements and Changes in Fund Balances - Modified Cash Basis
 Governmental Funds
 For the Year Ended December 31, 2017

	General	Road District	Public Works	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$ 735,271	\$ 147,450	\$ -	\$ 86,862	\$ 969,583
Licenses, Permits and Fees	131,069	-	-	2,118	133,187
Intergovernmental	191,847	19,906	94,653	142,021	448,427
Special Assessments	-	-	-	57,718	57,718
Earnings on Investments	40,600	-	-	710	41,310
Miscellaneous	24,364	4,193	-	12,900	41,457
<i>Total Receipts</i>	<u>1,123,151</u>	<u>171,549</u>	<u>94,653</u>	<u>302,329</u>	<u>1,691,682</u>
Disbursements					
Current:					
General Government	371,334	-	-	-	371,334
Public Safety	290,471	-	-	27,134	317,605
Public Works	43,707	206,322	-	283,602	533,631
Health	92,502	-	-	2,817	95,319
Conservation-Recreation	8,736	-	-	1,554	10,290
Capital Outlay	-	143,592	235,490	-	379,082
Debt Service:					
Principal Retirement	56,105	29,729	-	-	85,834
Interest and Fiscal Charges	4,522	1,531	-	-	6,053
<i>Total Disbursements</i>	<u>867,377</u>	<u>381,174</u>	<u>235,490</u>	<u>315,107</u>	<u>1,799,148</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>255,774</u>	<u>(209,625)</u>	<u>(140,837)</u>	<u>(12,778)</u>	<u>(107,466)</u>
Other Financing Sources (Uses)					
Debt Proceeds	-	132,472	51,351	-	183,823
Transfers In	-	100,000	89,486	-	189,486
Transfers Out	(189,486)	-	-	-	(189,486)
<i>Total Other Financing Sources (Uses)</i>	<u>(189,486)</u>	<u>232,472</u>	<u>140,837</u>	<u>-</u>	<u>183,823</u>
<i>Net Change in Fund Balances</i>	66,288	22,847	-	(12,778)	76,357
<i>Fund Balances Beginning of Year</i>	<u>3,748,585</u>	<u>10,388</u>	<u>-</u>	<u>570,062</u>	<u>4,329,035</u>
<i>Fund Balances End of Year</i>	<u>\$ 3,814,873</u>	<u>\$ 33,235</u>	<u>\$ -</u>	<u>\$ 557,284</u>	<u>\$ 4,405,392</u>

See accompanying notes to the basic financial statements

Canfield Township, Mahoning County
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual - Budget Basis
 1000 General Fund
 For the Year Ended December 31, 2017*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$ 700,312	\$ 725,074	\$ 735,271	\$ 10,197
Licenses, Permits and Fees	72,500	46,200	131,069	84,869
Intergovernmental	120,225	129,992	191,847	61,855
Earnings on Investments	17,000	35,000	40,600	5,600
Miscellaneous	76,500	139,700	24,364	(115,336)
<i>Total Receipts</i>	<u>986,537</u>	<u>1,075,966</u>	<u>1,123,151</u>	<u>47,185</u>
Disbursements				
Current:				
General Government	527,900	428,847	371,334	57,513
Public Safety	330,000	290,471	290,471	-
Public Works	45,016	45,016	43,707	1,309
Health	105,000	93,049	92,502	547
Conservation-Recreation	40,600	13,611	8,736	4,875
Capital Outlay	60,000	14,000	-	14,000
Debt Service:				
Principal Retirement	60,255	60,255	56,105	4,150
Interest and Fiscal Charges	4,522	4,522	4,522	-
<i>Total Disbursements</i>	<u>1,173,293</u>	<u>949,771</u>	<u>867,377</u>	<u>82,394</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(186,756)</u>	<u>126,195</u>	<u>255,774</u>	<u>129,579</u>
Other Financing Sources (Uses)				
Transfers Out	(452,000)	(189,486)	(189,486)	-
Other Financing Uses	(75,000)	(9,409)	-	9,409
<i>Total Other Financing Sources (Uses)</i>	<u>(527,000)</u>	<u>(198,895)</u>	<u>(189,486)</u>	<u>9,409</u>
<i>Net Change in Fund Balance</i>	<u>(713,756)</u>	<u>(72,700)</u>	<u>66,288</u>	<u>138,988</u>
<i>Fund Balance Beginning of Year</i>	<u>3,778,367</u>	<u>3,778,367</u>	<u>3,748,569</u>	<u>29,798</u>
Prior Year Encumbrances Appropriated	<u>16</u>	<u>16</u>	<u>16</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 3,064,627</u>	<u>\$ 3,705,683</u>	<u>\$ 3,814,873</u>	<u>\$ 168,786</u>

See accompanying notes to the basic financial statements

Canfield Township, Mahoning County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
2141 Road District
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Final Budget Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$ 147,586	\$ 147,585	\$ 147,450	\$ (135)
Intergovernmental	19,720	19,720	19,906	186
Other	-	135,972	136,665	693
<i>Total Receipts</i>	<u>167,306</u>	<u>303,277</u>	<u>304,021</u>	<u>744</u>
Disbursements				
Current:				
Public Safety	378,965	230,896	206,322	24,574
Capital Outlay	40,000	143,592	143,592	-
Debt Service:				
Principal Retirement	32,578	29,729	29,729	-
Interest and Fiscal Charges	1,531	1,531	1,531	-
<i>Total Disbursements</i>	<u>453,074</u>	<u>405,748</u>	<u>381,174</u>	<u>24,574</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(285,768)</u>	<u>(102,471)</u>	<u>(77,153)</u>	<u>25,318</u>
Other Financing Sources (Uses)				
Transfers In	300,000	100,000	100,000	-
<i>Total Other Financing Sources (Uses)</i>	<u>300,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	14,232	(2,471)	22,847	25,318
<i>Fund Balance Beginning of Year</i>	24,224	24,224	10,224	-
Prior Year Encumbrances Appropriated	164	164	164	-
<i>Fund Balance End of Year</i>	<u>\$ 38,620</u>	<u>\$ 21,917</u>	<u>\$ 33,235</u>	<u>\$ 25,318</u>

See accompanying notes to the basic financial statements

Canfield Township, Mahoning County
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual - Budget Basis
 4401 Public Works Issue 1 Project
 For the Year Ended December 31, 2017*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Final Budget Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$ 434,870	\$ 146,004	\$ 94,653	\$ -
<i>Total Receipts</i>	<u>434,870</u>	<u>146,004</u>	<u>94,653</u>	<u>-</u>
Disbursements				
Current:				
Capital Outlay	585,986	235,490	235,490	-
<i>Total Disbursements</i>	<u>585,986</u>	<u>235,490</u>	<u>235,490</u>	<u>-</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(151,116)</u>	<u>(89,486)</u>	<u>(140,837)</u>	<u>-</u>
Other Financing Sources (Uses)				
Debt Proceeds	-	-	51,351	51,351
Transfers In	151,116	89,486	89,486	-
<i>Total Other Financing Sources (Uses)</i>	<u>151,116</u>	<u>89,486</u>	<u>140,837</u>	<u>51,351</u>
<i>Net Change in Fund Balance</i>	-	-	-	-
<i>Fund Balance Beginning of Year</i>	-	-	-	-
<i>Fund Balance End of Year</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements

NOTE 1 – REPORTING ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of Canfield Township, Mahoning County, Ohio (the Township) as body politic and corporate established in 1798. A publicly elected three-member Board of Trustees directs the Township and one 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.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and cemetery. Cardinal Joint Fire District in conjunction with the Township and the City of Canfield provides fire protection to both communities. The Township provides maintenance for one fire station on Messerly Road referred to as Fire Station III. The Mahoning County Sheriff's Department provides police protection by contract. The Township provides and maintains one sub-station behind the Township Hall for Sheriff's use. The Township provides financial support to the ABC Water District under a contractual agreement, which is a standalone entity in conjunction with Boardman and Austintown Townships.

Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools

Canfield Community Joint Economic Development District (JEDD) On March 31, 2015, Canfield Township Trustees approved by resolution the execution of the first Joint Economic Development District (JEDD) Agreement in Mahoning County between the Township and the City of Canfield. The JEDD incorporates 18.6005 acres located on State Route 446 to facilitate economic development, preserve and create jobs and employment opportunities and generally improve the economic welfare of the residents within the Township and City.

The Board of Trustees in cooperation with the City jointly filed with the Board of County Commissioners of Mahoning County, Ohio all documents prescribed by the Ohio Revised Code to complete the formation of the JEDD Agreement, including but not limited to an Economic Development Plan.

The Economic Development Plan was to facilitate and support the construction, development and operation of a 72 bed skilled nursing facility within the JEDD. The JEDD estimated property values to increase by \$10,000,000; create 72 full-time equivalent jobs and generate a projected annual payroll in excess of \$2,200,000. Included in the JEDD was the construction of public infrastructure to support the nursing facility.

Additionally the JEDD contract authorizes and anticipates the levy by the JEDD Board of a tax on the income of persons working at the same rate currently levied by the City (1.00%) and the net profits of businesses located in the JEDD for distribution to the City.

The 60,000 square foot skilled nursing facility named The Windsor House of Canfield, 6445 State Route 446, celebrated its Grand Opening on October 22, 2017 and in addition to its 72 private resident rooms includes many amenities: a large therapy gym, chapel, beauty/barber salon, café and library.

Cardinal Joint Fire District has separately audited statements that are available through the district located at 104 Lisbon St. Canfield, Ohio 44406. The Township does not financially support the fire district, because it levies its own property taxes for the daily operation of the district. The district has built the third fire station, located on Herbert Road within the city limits. The Township maintains fire station III supported by a .10 outside levied millage.

ABC Water District is operated from Boardman Township located at 8299 Market St. Boardman, Ohio 44512 and has separately audited statements. The Township is one of three Townships that financially supports the ABC Water District until it is able to become self-sustaining. The Township expects reimbursement of all support when the district begins to receive funds.

NOTE 1 – REPORTING ENTITY (Continued)

School Resource Office (SRO) The Board entered into an agreement with the City of Canfield to cover half of 75% of one police officer for performance of its obligations pursuant to the SRO Agreement, which was \$31,553.35 paid in 2017. The 2016 SRO payment was \$30,936. The city and township in 2018 will pursue negotiations with Canfield Local Schools for sharing the cost of the SRO to reduce the financial obligation to the township and the city while providing the same level of protection to the school community.

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 the Basis of Accounting section of this Note, these financial statements are presented on a *modified* cash basis of accounting and Governmental Accounting Standards Board (GASB). This *modified* 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 *modified* cash basis of accounting.

Basis of Presentation

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

Government-Wide Financial Statements: The statement of net position 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 Township eliminated activity of the internal service fund to avoid "doubling up" receipts and disbursements. The statements distinguish between those activities of the Township that are governmental and those that are of business-type. Property taxes generally finance the governmental activities, intergovernmental receipts or other non-exchange 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 position presents the cash and investment balances, *inventories, prepaid items, inter-fund loan balances, capital assets and debt* 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 are 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 Modified cash basis or draws from the Township's general receipts.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from non-operating 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 non-operating.

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 non-exchange transactions as governmental funds. The following are the Township's major governmental Funds:

General The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available to the Township for any purpose provided it follows the general laws of Ohio when expending or transferring funds.

Road District Fund This fund receives property tax money for constructing, maintaining, and repairing Township roads and accounts for expenditures restricted to that particular purpose.

Public Works Issue 1 Project This fund accounts for and reports OPWC Grant money restricted for the purpose of improving Township infrastructure.

The Township does not classify other governmental funds as major but accounts for grants and other resources which are restricted to a particular purpose.

Agency funds are purely custodial in nature and used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government agencies. The Township has one Agency Fund to act as escrow agent due to fire insurance claims until fire debris has been removed and/or full restoration of the property has been completed; therefore, funds are generally in escrow for a short period.

Basis of Accounting

The Township's financial statements are prepared using the Modified 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. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this modified cash basis of accounting, certain assets and related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and related expenses) are not recorded in these financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Process

All funds are properly budgeted and appropriated, except for agency funds. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolutions, 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 resolution 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 Township established legal level of control at the fund, department, and object level for all funds as required by *ORC Section 5705.38(C)*.

The Township Fiscal Officer may identify projected increases or decreases in receipts, therefore may amend the certificate of estimated resources during the year. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources adopted as the original appropriations. The amounts reported as the final budgeted amounts on the budgetary statements reflect the final amended certificate of estimated resources in effect at the time the Township passed its final appropriations.

Budgetary activity for the years ending 2017 follows:

Comparison of Budgeted and Actual Receipts
2017 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,075,966	\$1,123,151	\$47,185
Special Revenue	699,226	706,351	7,125
Capital Projects	235,490	235,490	-
Total	<u>\$2,010,682</u>	<u>\$2,064,992</u>	<u>\$54,310</u>

2017 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$949,771	\$1,057,174	\$82,083
Special Revenue	405,748	381,174	24,574
Capital Projects	235,490	235,490	-
Total	<u>\$1,591,009</u>	<u>\$1,484,352</u>	<u>\$106,657</u>

The report above represents the final appropriations and revenues at year-end. The appropriations resolution 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 resolution 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.

The Ohio Revised Code requires the Township to reserve (encumber) appropriations at the time individual commitments are committed. Encumbrances outstanding at year-end are carried over and need not be re-appropriated.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2017, the Township invested in non-negotiable certificates of deposits with Farmers National Investments, Home Savings & Loan and STAR Ohio Plus. Farmers National Investments non-negotiable certificates of deposit are reported at cost, interest is reported when earned and transferred to the primary checking account. Interest posted to Star Ohio Plus is reinvested when earned and recorded monthly. Interest earned at Home Savings & Loan and Farmers National Bank on certificates of deposits is compounded quarterly, which is re-invested until maturity, reported and recorded yearly. The Farmers National Bank primary checking account recorded interest paid on a monthly basis and is now directly connected to a money market account that pays the same interest as Star Ohio Plus. The primary checking account must maintain a balance of \$325,000 to remain fee free, thereby sweeping the balance to a money market account to earn the best possible interest available to keep account as liquid as possible.

Investments in STAR Ohio Plus funds are evidenced by securities that exist in physical or book-entry form. STAR Plus is a cash management program that provides Ohio political subdivisions with access to hundreds of FDIC insured banks via one convenient account, offering participants full FDIC insurance up to \$15 million per account, a competitive yield, and weekly liquidity. The State Treasurer's office has endorsed this new innovative program as a secure investment option for public funds managers with no exposure to credit or market risk. All deposits are backed by the full faith and credit of the U. S. Government. There is no term commitment on deposits. All deposits are held as overnight demand deposits with weekly access and daily purchase availability. Investments in STAR Ohio Plus are valued at share price, which is the price the investment could be sold for on December 31, 2017. The Township is required to keep open the STAR Ohio regular account that has a zero balance. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price of the share if sold on December 31, 2017.

The Township allocates interest earnings to specific Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund in 2017 earned \$40,600 and in 2016 earned \$37,957, which represents an increase of \$3,173. Interest posted to other funds in 2017 was insignificant.

The Township's investment policy specifies specific types of exposure risk. The Township's investment policy is limited to complying with state statute.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

As of December 31, 2017, the Township had the following investments:

	<u>Current Value</u>	<u>Maturity</u>
ALLY 24MTH	\$ 150,000	3/25/2019
ALLY 2 YR	\$ 100,000	8/27/2018
AMERICAN EXPRESS	\$ 100,000	4/22/2019
BARCLAY 5YR	\$ 250,000	11/8/2022
BMW 2YR	\$ 220,000	3/25/2019
BMW 5YR	\$ 30,000	7/17/2020
CAP ONE USA	\$ 225,000	4/20/2020
CAPITAL 1	\$ 25,000	7/1/2020
CAPITAL NA	\$ 250,000	8/26/2020
DISCOVER 5YR	\$ 245,000	7/22/20200
EAST BOSTON	\$ 250,000	9/28/2022
GOLDMAN 3	\$ 75,000	7/01/2019
GOLDMAN 5YR	\$ 150,000	4/26/2022
HOME SAVINGS & LOAN	\$ 250,000	10/19/2020
JP MORGAN	\$ 175,000	8/31/2020
FARMERS 5YR	\$ 177,637	3/4/2021
WELLS 18MTH	<u>\$ 250,000</u>	10/1/2018
Total Portfolio	<u>\$2,922,637</u>	

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 are comprised of those fund balances in the Township’s major funds and other funds, excluding the General Fund. Those assets are restricted for use within the respective funds. The Township has thirteen funds at year-end with a total carry over balance of \$4,405,392 of which \$561,032 are in restricted funds.

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. Inventories resulting from cash transactions are presented at cost on a first-in, first-out basis and are reported as disbursement when used. Prepaid items are reported as disbursements.

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.

The Township’s general capital assets are capital assets which are associated with and generally arise from governmental activities. They result from disbursements, generally from the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All capital assets are capitalized at cost or estimated historical cost (two hundred year old township hall) and updated for additions and reductions during the year. The Township was able to estimate the historical cost for the initial reporting of infrastructure by back trending i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year. At this time, the Township does not keep these records electronically.

Capital assets are depreciated, except for land and construction in progress. Improvements are depreciated over the remaining useful life of the related capital asset. Useful life of infrastructure was based on the Township's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives.

Building	50 plus years
Building Improvements	Remaining Life of Building
Roads	7 to 10 years
Equipment	2 to 5 years
Vehicles	7 to 10 years

Inter-fund Receivables/Payables

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

The fund financial statements report outstanding inter-fund loans as inter-fund receivables/payables. Inter-fund loans which do not represent available expendable resources are classified as non-spendable fund balance. Inter-fund balances are eliminated in the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Accumulated Leave

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

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 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

The Township's modified 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 other financing source nor capital outlay expenditure is reported at inception. Lease payments are reported when paid.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is 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. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net positions are available.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follow:

Non-spendable The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of inter-fund loans.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed The committed fund balance classification includes amounts can only be used for the specific purposes imposed by formal action (resolution) of the Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Un-assigned Un-assign fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Inter-fund Transactions

Transfers between governmental funds on the government-wide financial statements are reported in the same manner as general receipts.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in governmental funds and after non-operating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE

Accountability

The Road Fund has been consistently in deficit spending for several years. The General Fund subsidized the Road Fund by \$100,000 in 2017. The Board entered into a new lease to purchase contract for a 2018 International plow truck, which is similar to the 2015 International plow truck lease to purchase contract. Payments for the 2015 and 2018 Internationals paid from the Road Fund 2017.

The Township has required contributions for pension obligations to the traditional and combined plans for the years ending December 31, 2017 for \$76,984, and on December 31, 2016 at \$78,008. Negotiated union fringe benefits of \$11,231 are included in the \$76,984 paid by the Township.

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, Road District, and Public Works 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 modified cash basis are outstanding year-end encumbrances, which are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis).

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 monies held and invested by the Township are in accordance with the investment policy established in August of 2009:

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;

NOTE 5 – DEPOSITS AND INVESTMENTS (Continued)

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities. Bonds and other obligations of the State of Ohio or Ohio local governments;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed ninety days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments.
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio & STAR Ohio Plus)

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. Payment for investments may be made only upon delivery of the securities representing the investments to the Fiscal Officer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Township had \$250.00 in un-deposited cash on hand (petty cash) which is included as part of "Cash" or *Cash Equivalents*" on the financial statements.

Deposits

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.

Interest Rate Risk: Interest rate risk arises because the fair value of investments changes as interest rates change. The Township's investment policy does address interest rate risk. The ability for the Township to invest funds was significantly affected by current downward market changes.

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Township's investment policy is limited to requiring compliance with state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

NOTE 5 – DEPOSITS AND INVESTMENTS (Continued)

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township has limited custodial credit risk and has an investment policy dealing with custodial risk.

NOTE 6 – PROPERTY TAXES

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

The full tax rate for all Township operations for the year ended December 31, 2017, was \$2.75 per \$1,000 of assessed value.

NOTE 7 – CAPITAL ASSETS

The Township to remain in compliance with OAC 117-2-02 records capital asset activities, but the reports are not available in electronic form. The Township has an aging tracking report that tracks all major equipment and vehicles for future replacement of these items.

NOTE 8 – INTER-FUND RECEIVABLES/PAYABLES

Inter-fund balances at December 31, 2017, consisted of \$100,000 transferred to the Road Special Revenue Fund from the General Fund. The balance due to the General Fund will not be paid back since the funds were used for the daily operations of the Public Works Department and the fund will not receive enough funds to maintain normal operations of that fund. This amount is not expected to be repaid in one year.

NOTE 9 – RISK MANAGEMENT

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. 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.

During 2017, the Township contracted with OTARMA for various types of insurance coverage as follows:

Canfield Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

NOTE 9 – RISK MANAGEMENT (Continued)

Company	Type of Coverage	Coverage
OTARMA/Burnham & Flowers	Property	\$1,911,600
OTARMA/Burnham & Flowers	Commercial Umbrella Liability	2,000,000
OTARMA/Burnham & Flowers	Crime	5,000
OTARMA/Burnham & Flowers	Extra Expense	5,000
OTARMA/Burnham & Flowers	General Liability, in aggregate	2,000,000
OTARMA/Burnham & Flowers	General Liability, per occurrence	100,000
OTARMA/Burnham & Flowers	Fleet Insurance, single limit	100,000
OTARMA/Burnham & Flowers	Fleet Insurance, uninsured	100,000
OTARMA/Burnham & Flowers	Employee Dishonesty	5,000
OTARMA/Burnham & Flowers	Boiler and Machinery	1,971,600
OTARMA/Burnham & Flowers	Spoilage	25,000
OTARMA/Burnham & Flowers	Water Damage	1,000,000
OTARMA/Burnham & Flowers	Hazardous Substance	100,000
OTARMA/Burnham & Flowers	Ammonia Contamination	100,000
OTARMA/Burnham & Flowers	Off Premises Services Interruption	25,000
OTARMA/Burnham & Flowers	Public Officials Bond	10,000

Settled claims have not exceeded coverage in any of the last three years and there was no reduction in coverage from the prior year.

Employee Risk: The Township pays the Ohio State Workers' Compensation System for work related injuries. In 2017, the Township paid a premium of \$5,029 based on a rate of .019398 per \$100 of salaries and received credits of \$4,268. The credits were due to changes at the bureau that should stabilize in the future. This rate is based on calculated accident history and administrative costs. The Township has Comp Management to administer and pays all claims. The Township was claim free in 2017.

The Township pays 100% of the bargaining unit's health insurance coverage thru the Teamsters H&W System. The total cost paid for coverage was \$36,746 in 2017 to covered three employees. In order for the Township to match coverage for its non-bargaining unit employees', the Township is self-insured for a portion of the *health insurance coverage*. The elected officials' and non-bargaining unit employees' medical health insurance has a higher deductible to lower the cost and by using a third party administrator to closely match bargaining unit benefits. Total exposure liability to the Township is approximately \$1,000 for single, \$3,000 for family coverage per employee. If a non-bargaining unit employee opts out of network service, they would have no coverage and the Township would have no exposure. Total exposure in 2017 for four non-bargaining unit employees was \$83,500. The total cost paid was \$55,606 that represents a savings of \$27,834. The Township pays for the full cost of medical health insurance, life insurance, dental, eye care, AD&H and cancer insurance policies for all full-time employees, one part-time employee and three elected officials. All other insurances total \$7,524 respectfully.

NOTE 10 – DEFINED BENEFIT PENSION PLAN

Plan Description – Township employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Township employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

Canfield Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age and Service Requirements: Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local	Public Safety	Law Enforcement
2017 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2017 Actual Contribution Rates			
Employer:			
Pension	13.0 %	17.1 %	17.1 %
Post-employment Health Care Benefits	1.0	1.0	1.0
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %
* This rate is determined by OPERS' Board and has no maximum rate established by ORC.			
** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.			

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Township's contractually required contribution was \$44,907 for year 2017.

NOTE 11 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits as provided in Chapter 145 of the Ohio Revised Code.

OPERS financial report disclosures health care plan separately and 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 post-employment health care plan was established under and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2017, the employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree 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 post-employment health care plan.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007.

Medical Health and other Insurance: Post employment is a term used by the Government Accounting Standards Board in the reporting of benefits after a state, federal or local employee or elected official leaves their position. Post-employment benefits are benefits that an employee will begin to receive at the start of retirement. This does not include pension benefits paid to the retired employee.

Canfield Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

NOTE 12 – DEBT

The Township's long-term debt activity for the year ending December 31, 2017, was as follows:

<u>Governmental Activities</u>	Rate	Balance 12/31/2016	Additions	Reductions on Principal	Balance 12/31/2017	Due Within One Year
2015 International Plow Truck Issued 2014 Final payment 6/2018 PNC Finance, LLC	2.95%	\$ 51,911	\$ -	\$ 25,578	\$ 26,333	FINAL 6/2018 \$ 27,110
PHEASANT RUN CULVERT: Issued 2015 - Final 1/2020 OPWC CT14T	0.00%	\$ 14,528	\$ -	\$ 4,151	\$ 10,377	FINAL 1/2020 \$ 4,151
Community Park Original Issued 2006 (\$856,000) (rewrite) Final 4/2020 Home H&L	2.40%	\$202,365	\$ -	\$ 56,105	\$146,260	FINAL 4/2020 \$ 60,627
2018 International Plow Truck Issued 2017 Final payment 9/2022 Farmers National Bk	2.37%	\$ -	\$132,472	\$ -	\$132,472	FINAL 9/2022 \$ 28,279
Starr Centre Phase I: Issued 2017 – Final payment 7/2027 OPWC CF14T	0.00%	\$ -	\$ 51,351	\$ -	\$ 51,351	FINAL 7/2027 \$ 5,135
TOTAL DEBT AT END OF 2017		\$268,803	\$183,823	\$ 85,834	\$366,793	\$125,301

Canfield Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

NOTE 12 – DEBT (Continued)

The following is a summary of the Township's future annual debt service requirements.

Year	Pheasant Ridge	Community		Starr
	Culvert	Park		Centre
	Principal	Principal	Interest	Principal
2018	\$ 4,151	\$ 57,459	\$ 3,168	\$ 5,135
2019	4,151	58,847	1,780	5,135
2020	2,075	29,954	359	5,135
2021	-	-	-	5,135
2022	-	-	-	5,135
2023-2027	-	-	-	25,676
	<u>\$ 10,377</u>	<u>\$ 146,260</u>	<u>\$ 5,307</u>	<u>\$ 51,351</u>

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and un-voted net debt of the Township less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation.

NOTE 13 – LEASES

Lease to purchase of 2015 International Plow Truck with PNC Equipment Finance, LLC at one payment per year for \$27,109.76.

Year	Lease	
	Principal	Interest
2018 Final	<u>\$26,333</u>	<u>\$777</u>
Totals	<u>\$26,333</u>	<u>\$777</u>

Lease to purchase of 2018 International Plow Truck with Farmers National Bank at two payment per year for \$14,139.39.

Year	Lease	
	Principal	Interest
2018	\$25,248	\$3,031
2019	25,858	2,421
2020	26,478	1,801
2021	27,123	1,156
2022 Final	27,765	500
Totals	<u>\$132,472</u>	<u>\$8,908</u>

NOTE 14 – INTER-FUND TRANSFERS

During 2017, the following are transfers made from the General Fund:

Major Governmental Fund (Road Fund)	\$100,000
Major Governmental Fund (PW)	89,486
Total Transfers from the General Fund	<u>\$189,486</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.

NOTE 15 – CONTINGENT LIABILITIES

Amounts that grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Canfield Township
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

This discussion and analysis of Canfield Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2016, 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 2016 are as follows:

The Township's general receipts are primarily property taxes that represent about 60 percent of the total cash received for governmental activities during the year. The total of all property tax receipts and all funds for 2016 were \$968,562 and in 2015 were \$811,527 that represents an increase of \$157,035 or about 16 percent. Lodging tax collections for 2016 were \$119,993 and in 2015 were \$90,937 that represents an increase of \$29,056 or 24 percent. Estate tax was received in the amount of \$35,881 that was not expected or budgeted.

The net position of governmental activities changed to \$4,329,035 at the end of 2016 from \$4,281,155 at end of 2015 that represents a fund balance increase of \$47,880 over 2015.

General:

Administrative Assistant – The Township hired a much needed Administrative Assistant to the Board of Trustees.

Office Phone System – The Board approved and completed significant upgrades to the office phone system at a cost of \$5,200.

Healthcare Insurance – The Township switched to a High Deductible Health Care Policy/partly self-insured with a max exposure of \$ 80,000. The actual expenditure in 2016 was \$58,316 compared to \$71,772 that reflects a decrease of \$13,456.

Sheriff's Contract – The Township contracted with the Mahoning County Sheriff's Department for which they provide, but not limited to; deputies, equipment, detectives, investigative services, traffic patrols, and other police assistance that is typically performed by a Township Police Department. The Board entered into a two year contractual agreement on April 23, 2014, with the Mahoning County Sheriff's Department. The contract's cost for 2016 was \$317,819 and in 2015 was \$305,319 that represents an increase of \$12,572 or 4 percent over 2015. The Sheriff's Contract is the largest expenditure paid from the General Fund.

Canfield Township Community Park – Due to budgetary concerns, the Board agreed to limit expenditures for new projects in the park. The Township enter into a contract for mowing of the park for \$3,870, fertilization for \$1,320, fall protection for \$1,891, installation of handicap railing at \$1,799 and installation of fencing at \$1,585. The fencing was donated by a resident therefore the only cost was the installation fee.

The Board entered into an unsecured promissory note in 2015 with Home Savings & Loan to reduce the cost of the Canfield Township Community Park loan rate from 4% to 2.40%. The loan payments were reduced by \$6,292 per year.

The Township began to collect rental fees for the use of park facilities and signed an agreement with the Canfield Soccer Club for rental of storage area.

Canfield Township
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

School Resource Officer (SRO) – The Board entered into an agreement with the City of Canfield to cover one-half of 75% of the costs for one officer for performance of its obligations pursuant to the SRO Agreement with the City of Canfield, which was \$30,936 paid in 2016 for the 2016/2017 school year, \$30,311 for school year 2015/2016 paid in 2016, and \$29,714 paid in 2015 for school year 2014/2015. Payments for all future contracts will be made to the City of Canfield on November 1 of the current school year per the agreement.

Donations of Funds – By Resolution of the Board, the following received donations from the General Fund: Canfield War Vet Museum \$1,000; American Legion Post 177, \$1,000 for the Memorial Day ceremonies, and the Fourth of July Parade Committee, \$5,000. Due to budgetary concerns, the Board elected not to donate to Canfield First Night Event at a savings of \$8,500 and 4th of July Community Fireworks sponsored by Canfield Rotary for an additional savings of \$5,000.

Public Works Projects:

Salt Purchases – During 2015 and 2016 the Township participated in the State of Ohio's Salt Purchasing Program paying \$31,400 in 2016 compared to \$83,594 in 2015. The Permissive Fund was used for payment.

Road Expenses – Aging infrastructure has been the caused numerous sink holes and catch basin repairs; however an unusually large amount of cold and hot mix asphalt used in 2016 was due in part to one particular road and general road maintenance.

A priority list of needed repairs to Township catch basins was developed to be addressed over the next several years; to that end the Board of Trustees contracted an outside vendor to replace six catch basins and approved employees to work four hours of overtime for four Saturdays in an effort to begin a continuous and consistent repair program.

Paving Program – The paving program came in under budget at \$144,161, a savings of \$45,839 in 2016, this was in part related to lower cost of materials and the fact that the Township continues to partner with other townships in a joint paving program. However it should be noted that due to the unexpected high cost of salt in 2015 funds earmarked for paving had to be utilized for salt purchases.

Equipment Purchase – No major equipment was purchased in 2016, but payments for prior purchases were recorded in the Road Fund such as the 2015 International plow truck that will be paid in full within the next two years. The \$500 More Grant was used to install security cameras at the Public Works building.

Zoning Department:

Canfield Township has been # 1 in Mahoning County for new home starts for more than a decade also, this year saw some new commercial development including the construction and opening of a gas station and restaurant; while another restaurant, plaza and assisted living facility are still under construction but slated to open soon. The assisted living permit alone was written for \$31,143 and broke ground in September 2016.

Based on the 2014-2015 audit recommendations, the Board has approved incorporating the Zoning Fund into the General Fund. The Township will end the year with the Zoning Fund in place and move the full Zoning Fund balance to the General Fund on the first active date in the following year.

The Zoning Board of Commission has begun work to update the Land Use Plan and is presently working with a developer on a new PUD (Plan Unit Development).

Cemetery:

The Township began the first phase of a much needed Headstone Restoration Program at Dean Hill Cemetery.

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 Township's modified cash basis of accounting.

Report Components

The statement of net position and the statement of activities provide information about the modified 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 usage which 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 modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the Township as a Whole

The statement of net position and the statement of activities reflect how the Township did financially during 2016, within the limitations of modified cash basis accounting. The statement of net position 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 Township's general receipts.

These statements report the Township's modified cash position and the changes in cash position. Keeping in mind the limitations of the modified 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.

Canfield Township
Management's Discussion and Analysis
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Unaudited

When evaluating the Township's financial condition, you should also consider other nonfinancial factors, as well, such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes. In the statement of net position and the statement of activities, the Township has one type of activity.

Governmental activities: Most of the Township's basic services are reported here, including police, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant 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 there is restricted money and that it is being used for the intended purpose. The funds of the Township are split into three categories: governmental, proprietary and fiduciary.

Governmental Funds - Most of the Government's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Government'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 Government's programs. The Government's significant governmental funds are presented on the financial statements in separate columns. The information for non-major 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 Government's only major governmental fund is the General Fund. 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. When the services are provided to other departments of the Township, the service is reported as an internal service fund. The Township has no internal service fund.

The Township as a Whole

Table 1 provides a summary of the net position for 2016 compared to 2015 on a modified cash basis:

Canfield Township
Management's Discussion and Analysis
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Unaudited

Assets	Governmental Activities	
	2016	2015
	Cash and Cash Equivalents	\$ 2,374,312
Investments	1,954,723	3,008,840
Total Assets	\$4,329,035	\$ 4,281,155
Net Position		
Restricted for:		
Other Purposes	\$ 580,450	\$ -
Assigned		
Other Purposes	72,684	606,965
Unrestricted	3,675,901	3,674,190
Total Net Position	\$ 4,329,035	\$ 4,281,155

As mentioned previously, the net position of governmental activities increased by \$47,880 or 11 percent in 2016. The primary reasons contributing to the increase in cash balances are that two projects were not completed in 2016. The total of the Starr Centre/Old Tippecanoe Storm/Rd Rehabilitation Phase I Project and the Catch Basin Project was \$259,992.

Table 2 reflects the changes in net position on a modified cash basis in 2016 and 2015 for governmental activities.

	Governmental Activities	
	2016	2015
Program Receipts:		
Operating Grants and Contributions	\$ 268,536	\$ -
Charges for Services and Sales	116,108	-
Total Program Receipts	384,644	-
General Receipts:		
Property and Other Local Taxes	776,175	902,464
Other Taxes	225,505	83,350
Grants and Entitlements not Restricted to Specific Programs	328,870	299,303
Cable Franchise Fees	59,470	69,237
Earnings on Investments	38,965	17,357
Miscellaneous	22,061	91,040
Total General Receipts	1,451,046	1,462,751
Total Receipts	1,835,690	1,462,751
Disbursements:		
General Government	377,937	430,322
Public Safety	336,947	317,017
Public Works	584,422	602,249
Health	102,782	91,904
Conservation/Recreation	13,792	47,085
Other	16,500	-
Capital Outlay	263,543	15,179
Debt Service		
Principal Retirement	83,778	116,304
Interest and Fiscal Charges	8,109	11,956
Other Financing Sources	-	18,534
Total Disbursements	1,787,810	1,650,550
Excess (Deficiency) Before Transfers	47,880	(187,799)
Increase (Decrease) in Net Position	47,880	(187,799)
Net Position, January 1	4,281,155	4,468,954
Net Position, December 31	\$ 4,329,035	\$ 4,281,155

Canfield Township
Management's Discussion and Analysis
For the Year Ended December 31, 2016
Unaudited

General receipts represent 95 percent of the Township's total receipts. State and federal grants and entitlements and other receipts make up the balance of the Township's general receipts and are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represents the overhead cost of running the Township and the support services provided for other Township activities. These include the cost of the Board of Trustees, the Fiscal Officer and the Administrator/Road Superintendent. Since these costs do not represent direct services to residents, we try to limit them.

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 general government, public safety, and public works, which represent 100 percent of all governmental disbursements. General government represents a significant cost. 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 is presented in Table 3.

Governmental Activities		
	Total Cost Of Services 2016	Total Cost Of Services 2015
General Government	\$ 377,937	\$ 430,322
Public Safety	336,947	317,017
Public Works	584,422	602,249
Health	102,782	91,904
Conservation/Recreation	13,792	47,085
Capital Outlay	263,543	15,179
Debt Service:		
Principal Retirement	83,778	116,304
Interest and Fiscal Charges	8,109	11,956
Other Financing Sources	-	18,534
Total Expenses	\$ 1,771,310	\$ 1,650,550

The dependence upon property tax receipts is apparent as over 53 percent of governmental activities are supported through these general receipts. Cost of service increased in 2016 by \$120,760 over 2015 that represents an increase of approximately 7 percent.

The Township's Funds

Total governmental funds had receipts of \$1,988,165 and disbursements of \$1,771,310. Revenues exceed expenditures by \$47,880. The greatest change within governmental funds occurred within the General Fund.

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. The General Fund 2016 ending balance was \$3,748,585 and 2015 ending balance was \$3,674,190. Although the increase was not significant, the income sources are unpredictable and in fact without these unpredictable revenue sources, such as the Lodging Tax and Estate Tax, the General Fund decrease would have been greater.

The Township's Funds - Expenditures

The largest expenditures coming from the General Fund is the Sheriff's Contract at \$317,819, the transfers into the Road Fund of \$106,000 and the Public Works Fund of \$46,475. The SRO Agreements also contributed by \$61,247.

The General Fund subsidized the Road Funds by \$106,000. The Public Works Department is comprised of two full-time and one part-time employee during the regular work schedule. The Township has two seasonal snow plow drivers. Thirty percent of the Administrator/Road Superintendent's wages is paid from the Road Fund. Wages for the Public Works Department were 2016; \$169,001, 2015; \$178,652, and in 2014 \$170,648.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure on electronic form but hard copy is available.

Debt

On December 31, 2016, the Township had outstanding debt of \$268,803 that represents a reduction of outstanding debt of \$83,778 over 2015.

Current Issues

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limitations, and in some cases shrinking, funding. The Township relies heavily on local taxes and has very little industry to support its base. The Local Government fund continues to decrease. The Board continues to review the revenues and disbursement history of the Township.

The expense of the Zoning Department is a concern for the Board of Trustees and one which they monitor on a regular basis, with single family home starts increasing and sporadic commercial development any positive upturn in the economy could be helpful.

The Board has refinanced the Township Community Park loan with Farmers to reduce the rate and payments. The only other areas that can be reduced in the General Fund would be contributions to other organizations, and contractual negotiations.

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 Carmen I. Heasley, Fiscal Officer, Canfield Township, Mahoning County, at 21 South Broad St., Canfield, Ohio 44406 – 330-533-4239.

Canfield Township, Mahoning County
Statement of Net Position - Modified Cash Basis
 December 31, 2016

	Governmental Activities	Total
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 2,374,312	\$ 2,374,312
Investments	1,954,723	1,954,723
<i>Total Assets</i>	\$ 4,329,035	\$ 4,329,035
 Net Position		
Restricted for:		
Other Purposes	623,647	623,647
Unrestricted	3,705,388	3,705,388
<i>Total Net Position</i>	\$ 4,329,035	\$ 4,329,035

See accompanying notes to the basic financial statements

Canfield Township, Mahoning County
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2016

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Primary Government
				Governmental Activities
Governmental Activities				
Current:				
General Government	\$ 377,937	\$ 115,954	\$ -	\$ (261,983)
Public Safety	336,947	58,402	-	(278,545)
Public Works	584,422	89,096	116,108	(379,218)
Health	102,782	2,970	-	(99,812)
Conservation - Recreation	13,792	2,114	-	(11,678)
Other	16,500	-	-	(16,500)
Capital Outlay	263,543	-	-	(263,543)
Debt Service				
Principal Retirement	83,778	-	-	(83,778)
Interest and Fiscal Charges	8,109	-	-	(8,109)
<i>Total Governmental Activities</i>	<u>1,787,810</u>	<u>268,536</u>	<u>116,108</u>	<u>(1,403,166)</u>
Total	<u>\$ 1,787,810</u>	<u>\$ 268,536</u>	<u>\$ 116,108</u>	<u>(1,403,166)</u>
		General Receipts		
				776,175
				225,505
				328,870
				59,470
				38,965
				22,061
		<u>Total General Receipts</u>		
				1,451,046
		Change in Net Position		
				47,880
		<i>Net Position Beginning of Year</i>		
				4,281,155
		<i>Net Position End of Year</i>		
				<u>\$ 4,329,035</u>

See accompanying notes to the basic financial statements

Canfield Township, Mahoning County
Statement of Assets and Fund Balances - Modified Cash Basis
Governmental Funds
December 31, 2016

	General	Road District	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 1,793,862	\$ 10,388	\$ 570,062	\$ 2,374,312
Investments	1,954,723	-	-	1,954,723
<i>Total Assets</i>	<u>\$ 3,748,585</u>	<u>\$ 10,388</u>	<u>\$ 570,062</u>	<u>\$ 4,329,035</u>
Fund Balances, December 31				
Restricted	\$ -	\$ 10,388	\$ 570,062	\$ 580,450
Assigned	72,684	-	-	72,684
Unassigned	3,675,901	-	-	3,675,901
<i>Total Fund Balances</i>	<u>\$ 3,748,585</u>	<u>\$ 10,388</u>	<u>\$ 570,062</u>	<u>\$ 4,329,035</u>

See accompanying notes to the basic financial statements

Canfield Township, Mahoning County
Statement of Receipts, Disbursements and Changes in Fund Balances - Modified Cash Basis
 Governmental Funds
 For the Year Ended December 31, 2016

	General	Road District	Public Works	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$ 733,189	\$ 147,490	\$ -	\$ 87,883	\$ 968,562
Licenses, Permits and Fees	175,424	-	-	970	176,394
Intergovernmental	162,344	19,721	216,508	141,202	539,775
Special Assessments	-	-	-	58,402	58,402
Earnings on Investments	37,957	-	-	1,008	38,965
Miscellaneous	47,286	3,838	-	2,468	53,592
<i>Total Receipts</i>	<u>1,156,200</u>	<u>171,049</u>	<u>216,508</u>	<u>291,933</u>	<u>1,835,690</u>
Disbursements					
Current:					
General Government	377,937	-	-	-	377,937
Public Safety	317,819	-	-	19,128	336,947
Public Works	38,936	287,929	-	257,557	584,422
Health	100,899	-	-	1,883	102,782
Conservation-Recreation	11,901	-	-	1,891	13,792
Capital Outlay	560	-	262,983	-	263,543
Debt Service:					
Principal Retirement	58,933	24,845	-	-	83,778
Interest and Fiscal Charges	5,845	2,264	-	-	8,109
<i>Total Disbursements</i>	<u>912,830</u>	<u>315,038</u>	<u>262,983</u>	<u>280,459</u>	<u>1,771,310</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>243,370</u>	<u>(143,989)</u>	<u>(46,475)</u>	<u>11,474</u>	<u>64,380</u>
Other Financing Sources (Uses)					
Transfers In	-	106,000	46,475	-	152,475
Transfers Out	(152,475)	-	-	-	(152,475)
Other Financing Uses	(16,500)	-	-	-	(16,500)
<i>Total Other Financing Sources (Uses)</i>	<u>(168,975)</u>	<u>106,000</u>	<u>46,475</u>	<u>-</u>	<u>(16,500)</u>
<i>Net Change in Fund Balances</i>	74,395	(37,989)	-	11,474	47,880
<i>Fund Balances Beginning of Year</i>	<u>3,674,190</u>	<u>48,377</u>	<u>-</u>	<u>558,588</u>	<u>4,281,155</u>
<i>Fund Balances End of Year</i>	<u>\$ 3,748,585</u>	<u>\$ 10,388</u>	<u>\$ -</u>	<u>\$ 570,062</u>	<u>\$ 4,329,035</u>

See accompanying notes to the basic financial statements

Canfield Township, Mahoning County
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual - Budget Basis
 1000 General Fund
 For the Year Ended December 31, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 681,805	\$ 696,804	\$ 733,189	\$ 36,385
Licenses, Permits and Fees	115,489	115,489	175,424	59,935
Intergovernmental	122,774	159,132	162,344	3,212
Earnings on Investments	17,000	30,500	37,957	7,457
Miscellaneous	102,200	104,517	47,286	(57,231)
<i>Total Receipts</i>	<u>1,039,268</u>	<u>1,106,442</u>	<u>1,156,200</u>	<u>49,758</u>
Disbursements				
Current:				
General Government	443,805	446,422	377,937	68,485
Public Safety	318,000	318,000	317,819	181
Public Works	30,000	40,000	38,936	1,064
Health	100,200	101,189	100,899	290
Conservation-Recreation	18,800	14,800	11,901	2,899
Capital Outlay	15,000	560	560	-
Debt Service:				
Principal Retirement	58,933	58,933	58,933	-
Interest and Fiscal Charges	5,845	5,845	5,845	-
<i>Total Disbursements</i>	<u>990,583</u>	<u>985,749</u>	<u>912,830</u>	<u>72,919</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>48,685</u>	<u>120,693</u>	<u>243,370</u>	<u>122,677</u>
Other Financing Sources (Uses)				
Transfers Out	(290,000)	(270,000)	(152,475)	117,525
Other Financing Uses	(35,000)	(35,000)	(16,500)	18,500
<i>Total Other Financing Sources (Uses)</i>	<u>(325,000)</u>	<u>(305,000)</u>	<u>(168,975)</u>	<u>136,025</u>
<i>Net Change in Fund Balance</i>	(276,315)	(184,307)	74,395	258,702
<i>Fund Balance Beginning of Year</i>	3,674,190	3,674,190	3,674,190	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Fund Balance End of Year</i>	<u>\$ 3,397,875</u>	<u>\$ 3,489,883</u>	<u>\$ 3,748,585</u>	<u>\$ 258,702</u>

See accompanying notes to the basic financial statements

Canfield Township, Mahoning County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
2141 Road District
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Final Budget Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$ 143,257	\$ 161,490	\$ 147,490	\$ (14,000)
Intergovernmental	20,465	19,721	19,721	-
Other	-	3,838	3,838	-
<i>Total Receipts</i>	<u>163,722</u>	<u>185,049</u>	<u>171,049</u>	<u>(14,000)</u>
Disbursements				
Current:				
Public Safety	331,851	305,357	287,929	17,428
Capital Outlay	3,000	-	-	-
Debt Service:				
Principal Retirement	24,845	24,845	24,845	-
Interest and Fiscal Charges	2,264	2,264	2,264	-
<i>Total Disbursements</i>	<u>361,960</u>	<u>332,466</u>	<u>315,038</u>	<u>17,428</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(198,238)</u>	<u>(147,417)</u>	<u>(143,989)</u>	<u>3,428</u>
Other Financing Sources (Uses)				
Transfers In	150,000	106,000	106,000	-
<i>Total Other Financing Sources (Uses)</i>	<u>150,000</u>	<u>106,000</u>	<u>106,000</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(48,238)	(41,417)	(37,989)	3,428
<i>Fund Balance Beginning of Year</i>	48,377	48,377	48,377	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Fund Balance End of Year</i>	<u>\$ 139</u>	<u>\$ 6,960</u>	<u>\$ 10,388</u>	<u>\$ 3,428</u>

See accompanying notes to the basic financial statements

NOTE 1 – REPORTING ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of Canfield Township, Mahoning County, Ohio (the Township) as body politic and corporate established in 1798. A publicly elected three-member Board of Trustees directs the Township and 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.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and cemetery. Cardinal Joint Fire District in conjunction with Township and the City of Canfield provides fire protection to both communities. The Township provides maintenance for one fire station on Messerly Road referred to as Fire Station II. The Mahoning County Sheriff's Department provides police protection by contract. The Township provides and maintenance one sub-station behind the Township Hall for Sheriff's use. The Township provides financial support to the ABC Water District under a contractual agreement which is a standalone water district entity.

Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools

Joint Economic Development District (JEDD) was formed on March 31, 2015. The Board of Trustees entered into a JEDD agreement with the City of Canfield to avoid annexation of 18.60 acres. The property tax base remains with the Township territory. The City of Canfield will provide water and sewer in exchange for city income tax, water and sewer fee collection. A five member Board to include one Township Trustee and one City Council member will help govern the district. The assisted living permit alone was written for \$31,143 and broke ground in September 2016.

Cardinal Joint Fire District has separately audited statements that are available through the district located at 104 Lisbon St. Canfield, Ohio 44406. The district is fully supported through property tax collection therefore the daily operation of the district is not supported by the Township. The Township provides a fire station and maintenance of that building that is supported by .10 outside levied millage.

ABC Water District is operated from Boardman Township located at 8299 Market St. Boardman, Ohio 44512 and has separately audited statements. The Township is one of three Townships that financially support ABC Water District until it is able to become self-sustaining. The Township expects to be paid back in full when the district begins to receive funds.

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 the Basis of Accounting section of this Note, these financial statements are presented on a *modified* cash basis of accounting. This *modified* 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 *modified* cash basis of accounting.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation

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

Government-Wide Financial Statements: The statement of net position 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 non-exchange 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 position presents the cash and investment balances, *inventories, prepaid items, inter-fund loan balances, capital assets and debt* 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 are 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 *modified* 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. Non-major 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 non-operating 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 non-operating.

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 non-exchange transactions as governmental funds. The following are the Township's major governmental.

General Fund The General Fund accounts for and reports all financial resources not accounted for and reported 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 District Fund: This fund receives property tax money for constructing, maintaining, and repairing Township roads and accounts for expenditures whose use is restricted to that particular purpose. The other governmental funds of the Township are not classified as major but account for grants and other resources whose use is restricted to a particular purpose.

Public Works Fund: The Public work fund accounts for and reports State OPWC grant money restricted for the purpose of improving Township infrastructure.

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 has one Agency Fund to act as escrow agent due to fire insurance claims until fire debris has been removed and/or full restoration of the property has been completed; therefore funds are generally in escrow for a short period of time.

Basis of Accounting

The Township's financial statements are prepared using the *modified* cash basis of accounting. Except for modifications having substantial support, 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. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and related expenses) are not recorded in these financial statements.

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 resolutions, 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 resolution 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 as required by *ORC Section 5705.38(C)*.

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 certificate of estimated resources in effect at the time final appropriations were passed by the Township.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary activity for the years ending 2016 follows:

2016 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 990,953	\$ 1,156,200	\$ 165,247
Special Revenue	679,456	568,982	(110,474)
Capital Projects	262,983	262,983	-
Total	\$ 1,933,391	\$ 1,988,165	\$ 54,773

2016 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,253,643	\$ 1,081,805	\$ 171,838
Special Revenue	817,114	595,497	221,617
Capital Projects	262,983	262,983	-
Total	\$ 2,333,739	\$ 1,940,285	\$ 393,455

The appropriations resolution 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.

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 re-appropriated.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

During 2016, the Township invested in non-negotiable certificates of deposits with Farmers National Investments, Home Savings & Loan and STAR Ohio Plus. Farmers National Investments non-negotiable certificates of deposit are reported at cost, interest is reported when earned and transferred to the primary checking account. Interest posted to Star Ohio Plus is reinvested when earned and recorded monthly. Interest earned at Home Savings & Loan and Farmers National Bank on certificates of deposits is compounded quarterly which is reinvested until maturity, reported and recorded yearly. The Farmers National Bank primary checking account recorded interest paid on a monthly basis and is now directly connected to a money market account that pays the same interest as Star Ohio Plus. The primary checking account must maintain a balance of \$325,000 to remain fee free, thereby sweeping the balance to a money market account to earn the best possible interest available to keep account as liquid as possible.

Investments in STAR Ohio Plus funds are evidenced by securities that exist in physical or book-entry form. STAR Plus is a cash management program that provides Ohio political subdivisions with access to hundreds of FDIC insured banks via one convenient account, offering participants full FDIC insurance up to \$15 million per account, a competitive yield, and weekly liquidity. The State Treasurer's office has endorsed this new innovative program as a secure investment option for public funds managers with no exposure to credit or market risk. All deposits are backed by the full faith and credit of the U. S. Government. There is no term commitment on deposits. All deposits are held as overnight demand deposits with weekly access and daily purchase availability. Investments in STAR Ohio Plus are valued at share price, which is the price the investment could be sold for on December 31, 2016. The Township is required to keep open the STAR Ohio regular account that has a zero balance. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2016.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipted to the General Fund in 2016 earned \$37,957 and in 2015 earned \$17,327, which represent an increase of \$20,630. 2016 interest posted to other funds was insignificant.

The Township's investment policy specifies specific types of risk that it can be exposed to. The Township's investment policy is limited to complying with state statute.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

As of December 31, 2016, the Township had the following investments:

	<u>Current Value</u>	<u>Maturity</u>
ALLY 2YR	\$ 100,000	8/27/2018
BMW 5YR	\$ 30,000	7/17/2020
CAPITAL 5YR	\$ 25,000	7/01/2020
CAPITAL 5YR	\$ 250,000	8/26/2020
DISCOVER 5YR	\$ 245,000	7/22/2020
FARMERS 5YR	\$ 177,637	3/4/2021
GOLDMAN 5YR	\$ 75,000	7/1/2019
GOLDMAN SA	\$ 170,000	3/7/2017
HOME SAVINGS 2YR	\$ 203,993	3/12/2017
JP MORGAN 4YR	\$ 175,000	8/31/2020
HOME SAVINGS 6MTH	<u>\$ 573,093</u>	5/10/2017
Total Portfolio	\$1,954,723	

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 are comprised of those fund balances in the Township’s major funds and other funds, excluding the General Fund. Those assets are restricted for use within the respective funds. The Township has thirteen funds at year-end with a total carry over balance of \$4,329,035 of which \$580,450 are in restricted funds.

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. Inventories resulting from cash transactions are presented at cost on a first-in, first-out basis and are reported as disbursement when used. Prepaid items are reported as disbursements when consumed.

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.

The Township’s general capital assets are capital assets which are associated with and generally arise from governmental activities. They result from disbursements, generally from the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost or estimated historical cost (two hundred year old township hall) and updated for additions and reductions during the year. The Township was able to estimate the historical cost for the initial reporting of infrastructure by back-trending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year. At this time, the Township does not keep these records electronically.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful life of the related capital asset. Useful life of infrastructure was based on the Township's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives.

Building	50 plus years
Building Improvements	Remaining Life of Building
Roads	7 to 10 years
Equipment	2 to 5 years
Vehicles	7 to 10 years

Inter-fund Receivables/Payables

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

The fund financial statements report outstanding inter-fund loans as inter-fund receivables/payables. Inter-fund loans which do not represent available expendable resources are classified as non-spendable fund balance. Inter-fund balances are eliminated in the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Accumulated Leave

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

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 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

The Township's *modified* 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 other financing source nor capital outlay expenditure is reported at inception. Lease payments are reported when paid.

Net Position

Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is 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. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net positions are available.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the governmental funds and are as follows:

Non-spendable The non-spendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of inter-fund loans.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of Township Trustees. Those committed amounts cannot be used for any other purpose unless the Township Trustees remove or change the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

Un-assigned Un-assign fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Township applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Inter-fund Transactions

Transfers between governmental funds 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 inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in governmental funds and after non-operating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE

Accountability

The Road Fund has been consistently in deficit spending for several years. The Road Fund was subsidized by \$230,000 in 2015 and \$106,000 in 2016 from the General Fund. The Board entered into a lease to purchase contract on a 2015 International plow truck. Payment was made in the amount of \$27,110 with two more years to go.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ending December 31, 2016 was \$54,864, and \$78,008 in 2015. Of the \$54,864 paid by the Township, \$13,758 is classified as fringe benefits union negotiated.

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General fund and Road District fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the modified cash basis are outstanding year-end encumbrances, which are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis).

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 withdraw able 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 accordance with investment policy established in August of 2009:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities. Bonds and other obligations of the State of Ohio or Ohio local governments;
3. Bonds and other obligations of the State of Ohio or Ohio local governments.

NOTE 5 – DEPOSITS AND INVESTMENTS (Continued)

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

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. Payment for investments may be made only upon delivery of the securities representing the investments to the Fiscal Officer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Township had \$250.00 in un-deposited cash on hand (petty cash) which is included as part of "Cash" or *Cash Equivalents*" on the financial statements.

Deposits

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. The Township has an Investment Policy that was established on August 11, 2009 that further addresses depository and investment requirements and limits.

Interest Rate Risk: Interest rate risk arises because the fair value of investments changes as interest rates change. The Township's investment policy does address interest rate risk. The ability for the Township to invest funds was significantly affected by current downward market changes.

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Township's investment policy is limited to requiring compliance with state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township has limited custodial credit risk that is outlined in the investment policy.

NOTE 6 – PROPERTY TAXES

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

The full tax rate for all Township operations for the year ended December 31, 2016, was 2.75% per \$1,000 of assessed value.

NOTE 7 – CAPITAL ASSETS

The Township to remain in compliance with OAC 117-2-02 records capital asset activities, but the reports are not available in electronic form. The Township has an aging tracking report that tracks all major equipment and vehicles for future replacement of these items.

NOTE 8 – INTER-FUND RECEIVABLES/PAYABLES

Inter-fund balances at December 31, 2016, consisted of \$106,000 transferred to the Road Special Revenue Fund and \$46,475 transferred to the Public Works Issue II Fund from the General Fund. The balance due to the General Fund will not be paid back since the funds were used for the daily operations of the Public Works Department and the fund did not receive enough funds to maintain normal operations of that fund. This amount is not expected to be repaid in one year.

NOTE 9 – RISK MANAGEMENT

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. 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. During 2016, the Township contracted with OTARMA for various types of insurance coverage as follows:

Canfield Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

NOTE 9 – RISK MANAGEMENT (Continued)

Company	Type of Coverage	Coverage
OTARMA/Burnham & Flowers	Property	\$1,911,600
OTARMA/Burnham & Flowers	Commercial Umbrella Liability	2,000,000
OTARMA/Burnham & Flowers	Crime	5,000
OTARMA/Burnham & Flowers	Extra Expense	5,000
OTARMA/Burnham & Flowers	General Liability, in aggregate	2,000,000
OTARMA/Burnham & Flowers	General Liability, per occurrence	100,000
OTARMA/Burnham & Flowers	Fleet Insurance, single limit	100,000
OTARMA/Burnham & Flowers	Fleet Insurance, uninsured	100,000
OTARMA/Burnham & Flowers	Employee Dishonesty	5,000
OTARMA/Burnham & Flowers	Boiler and Machinery	1,971,600
OTARMA/Burnham & Flowers	Spoilage	25,000
OTARMA/Burnham & Flowers	Water Damage	1,000,000
OTARMA/Burnham & Flowers	Hazardous Substance	100,000
OTARMA/Burnham & Flowers	Ammonia Contamination	100,000
OTARMA/Burnham & Flowers	Off Premises Services Interruption	25,000
OTARMA/Burnham & Flowers	Public Officials Bond	10,000

Settled claims have not exceeded coverage in any of the last three years and there was no reduction in coverage from the prior year.

Employee Risk: The Township pays the Ohio State Workers' Compensation System for work related injuries. In 2016, a premium of \$6,033 was paid based on a rate of .019398 per \$100 of salaries paid in the prior year. This rate is calculated based on accident history and administrative costs. The Township has CareWorks to administer and pays all claims. The Township was claim free in 2016.

The Township pays 100% of the bargaining unit's health insurance coverage thru the Teamsters H&W System. The cost per person can change throughout the year. In 2016, the total paid was \$44,495 to Teamsters H&W System.

In order for the Township to match coverage for its non-bargaining unit employees', the Township is self-insured for a portion of the *health insurance coverage*. The elected officials' and non-bargaining unit employees' medical health insurance has a higher deductible to lower the cost and by using a third party administrator to closely match bargaining unit benefits. Total exposure liability to the Township is approximately \$1,000 for single, \$3,000 for family coverage per employee. If a non-bargaining unit employee opts out of network service, they would have no coverage thru the Township and the Township would have no exposure. Total self-insured exposure/losses for 2016 were \$24,558 and in 2015 were \$3,106. The Township pays for the full cost of medical health insurance, life insurance, dental, eye care, AD&H and cancer insurance policies for all full-time employees, one part-time employee and elected officials. The health insurance policies cost in 2016 was approximately \$44,495 for Teamsters H&W and \$33,760 for all other employees and elected officials. All other insurances total \$7,524.

NOTE 10 – DEFINED BENEFIT PENSION PLAN

Plan Description – Township employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Township employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 w ith 60 months of service credit or Age 55 w ith 25 years of service credit	Age and Service Requirements: Age 60 w ith 60 months of service credit or Age 55 w ith 25 years of service credit	Age and Service Requirements: Age 57 w ith 25 years of service credit or Age 62 w ith 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	Public Safety	Public Safety
Age and Service Requirements: Age 48 w ith 25 years of service credit or Age 52 w ith 15 years of service credit	Age and Service Requirements: Age 48 w ith 25 years of service credit or Age 52 w ith 15 years of service credit	Age and Service Requirements: Age 52 w ith 25 years of service credit or Age 56 w ith 15 years of service credit
Law Enforcement	Law Enforcement	Law Enforcement
Age and Service Requirements: Age 52 w ith 15 years of service credit	Age and Service Requirements: Age 48 w ith 25 years of service credit or Age 52 w ith 15 years of service credit	Age and Service Requirements: Age 48 w ith 25 years of service credit or Age 56 w ith 15 years of service credit
Public Safety and Law Enforcement	Public Safety and Law Enforcement	Public Safety and Law Enforcement
Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	Formula: 2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

NOTE 10 – DEFINED BENEFIT PENSION PLAN (Continued)

Final average Salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local	Public Safety	Law Enforcement
2017 Statutory Maximum Contribution Rates			
Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	*	**
2017 Actual Contribution Rates			
Employer:			
Pension	13.0 %	17.1 %	17.1 %
Post-employment Health Care Benefits	1.0	1.0	1.0
Total Employer	14.0 %	18.1 %	18.1 %
Employee	10.0 %	12.0 %	13.0 %
* This rate is determined by OPERS' Board and has no maximum rate established by ORC.			
** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.			

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Township’s contractually required contribution was \$41,606 for year 2017.

Note 11 - Postemployment Benefits

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

Note 11 - Postemployment Benefits (continued)

OPERS maintain a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented 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 post-employment health care plan was established under and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2016, state and local employers contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree 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 post-employment health care plan.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007.

Medical Health and other Insurance: Post employment is a term used by the Government Accounting Standards Board in the reporting of benefits after a state, federal or local employee or elected official leaves their position. Post-employment benefits are benefits that an employee will begin to receive at the start of retirement. This does not include pension benefits paid to the retired employee.

Canfield Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 12 – Debt

The Township's long-term debt activity for the year ending December 31, 2016, was as follows:

<u>Governmental Activities</u>	Rate	Balance			Balance 12/31/2016	Due Within One Year
		12/31/2015	Additions	Reductions		
2015 International Plow Truck Note Issued 6/2014 - 6/2018						FINAL 6/16/2018
PNC Equipment Finance, LLC	2.95%	\$ 76,757	\$ -	\$ 24,846	\$ 51,911	\$ 27,110
PHEASANT RUN CULVERT NOTE: Issued 2015						FINAL 1/2020
OPWC	0.00%	\$ 18,679	\$ -	\$ 4,151	\$ 14,528	\$ 4,151
Community Park Original Note Issued 2006 (\$856,000) Final payment 4/2020						FINAL 4/2020
Home H&L	2.40%	\$ 257,147	\$ -	\$ 54,782	\$ 202,365	\$ 60,627
TOTAL DEBT AT END OF 2016		\$ 352,583	\$ -	\$ 83,779	\$ 268,804	\$ 91,887

The following is a summary of the Township's future annual debt service requirements.

Year	Pheasant Ridge	Community	
	Culvert	Park	
	Principal	Principal	Interest
2017	\$ 4,151	\$ 56,105	\$ 4,522
2018	4,151	57,459	3,168
2019	4,151	58,847	1,780
2020	2,075	29,954	359
	<u>\$ 14,528</u>	<u>\$ 202,365</u>	<u>\$ 5,307</u>

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and un-voted net debt of the Township less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation.

Canfield Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2016

Note 13 – Leases

Lease purchase of 2015 International Plow Truck with PNC Equipment Finance, LLC at one payment per year for \$27,109.76.

Year	Lease	
	Principal	Interest
2017	\$ 25,578	\$ 1,531
2018	26,333	777
Totals	\$ 51,911	\$ 2,308

Note 14 – Inter-fund Transfers

During 2016 the following transfers were made:

Transfers from the General Fund to:	
Major Governmental Fund (Road Fund)	\$ 106,000
Major Governmental Fund (PW)	46,475
Total Transfers from the General Fund	\$ 152,475

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.

Note 15 – Contingent Liabilities

Amounts that grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.



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Cambridge, OH 43725
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

August 24, 2018

Canfield Township
Mahoning County
21 S. Broad Street
Canfield, Ohio 44406

To the Board of Trustees:

We have audited, in accordance with the auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of **Canfield Township**, Mahoning County, Ohio, (the Township) as of and for the years ended December 31, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements and have issued our report dated August 24, 2018, wherein we noted the Township uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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Internal Control Over Financial Reporting (Continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2017-001 to be 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, opining 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 also noted a certain matter not requiring inclusion in this report that we reported to the Township's management in a separate letter dated August 24, 2018.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**CANFIELD TOWNSHIP
MAHONING COUNTY**

**SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2017-001

Material Weakness

Posting Receipts, and Fund Balance Classification

The Township is responsible for establishing procedures and controls to help prevent and detect errors in financial reporting. Fund balances should be classified based on Governmental Accounting Standards Board Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions.

During 2017 and 2016, receipts and fund balances were not always posted or classified correctly. The following posting errors were noted:

- Fund Balance in the General Fund was incorrectly classified in 2017 and 2016.
- Cable Franchise receipts were incorrectly recorded in 2017 and 2016.
- An advance from Property Tax receipts was incorrectly posted to the Road District Fund instead of the General Fund in 2016.
- An Intergovernmental receipt was recorded as a Miscellaneous receipt in the General Fund in 2017.
- The Township incorrectly recorded Lease Purchase Proceeds as Miscellaneous receipts in the Road District Fund in 2017.
- Debt Proceeds were incorrectly recorded as Intergovernmental receipts in the Public Works Fund in 2017.
- In 2017 and 2016, reclassifications were made to properly classify Cash and Investment balances in the financials and the notes to the financials.

Not posting receipts or classifying fund balances accurately resulted in the financial statements requiring several reclassification and adjusting entries. The Financial Statements reflect all reclassifications and adjustments. The Township has made these adjustments to their accounting system.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues are properly identified and classified on the financial statements.

We also recommend the Fiscal Officer refer to the Ohio Township Handbook for guidance to determine the proper establishment of receipt accounts and posting of receipts. The Fiscal Officer should refer to Auditor of State Technical Bulletin 2011-004 for assistance in properly classifying fund balances.

Management's Response – Officials did not provide a response to this finding.



Dave Yost • Auditor of State

CANFIELD 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
DECEMBER 4, 2018**