



Mary Taylor, CPA
Auditor of State

**AUSTINTOWN TOWNSHIP
MAHONING COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Austintown Township
Mahoning County
82 Ohltown Rd
Austintown, Ohio 44515

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Austintown Township, Mahoning County, Ohio (the Township), as of and for the year ended December 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As discussed in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Austintown Township, Mahoning County, Ohio, as of December 31, 2008, and the respective changes in cash financial position and the respective budgetary comparison for the General, the Road and Bridge, the Police District, and the Fire District Funds thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2009, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

September 14, 2009

Austintown Township
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

This discussion and analysis of the Austintown Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2008, 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 2008 are as follows:

Net assets of governmental activities decreased \$757,302, or 31 percent. The funds most affected by the increase in cash and cash equivalents were the Police Fund and Zoning Fund.

The Township's general receipts are primarily property and intergovernmental. These receipts represent \$9,365,869 or 80 percent of the total cash received for the year. Property Tax and intergovernmental receipts for 2008 changed very little compared to 2007.

Net assets of business-type activity increased \$64,157, or 33 percent.

Using the Basic Financial Statements

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

Report Components

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

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

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

Basis of Accounting

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

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2008, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts.

Austintown Township
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Townships general receipts.

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

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

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

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

Reporting the Township's Funds

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

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

Proprietary Funds – When the Township charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Township has one enterprise fund, the Westchester Building Fund. When the services are provided to other departments of the Township, the service is reported as an internal service fund. The Township has two internal service funds to account for Vehicle Maintenance and Communication (Dispatch).

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

Austintown Township
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2008 compared to 2007 on a cash basis:

(Table 1)

Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets						
Cash and Cash Equivalents	\$1,707,714	\$2,464,770	\$260,292	\$196,134	\$1,968,006	\$2,660,904
Investments	1,000	1,000	0	0	1,000	1,000
Total Assets	\$1,708,714	\$2,465,770	\$260,292	\$196,134	\$1,969,006	\$2,661,904
Net Assets						
Restricted for:						
Capital Outlay	3,987	13,636	0	0	3,987	13,636
Permanent Fund	4,273	4,169	0	0	4,273	4,169
Other Purposes	629,515	1,274,616	0	0	629,515	1,274,616
Unrestricted	1,070,939	1,173,349	260,292	196,134	1,331,231	1,369,483
Total Net Assets	\$1,708,714	\$2,465,770	\$260,292	\$196,134	\$1,969,006	\$2,661,904

As mentioned previously, net assets of governmental activities decreased \$759,301, or 31 percent during 2008.

Table 2 reflects the changes in net assets on a cash basis in 2008.

Austintown Township
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

(Table 2)

Changes in Net Assets

	Governmental		Business-Type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$351,593	\$486,624	\$314,267	\$339,137	\$665,860	\$825,761
Operating Grants and Contributions	1,800,260	1,661,946			1,800,260	1,661,946
Capital Grants and Contributions	258,536	21,307			258,536	21,307
Total Program Receipts	2,410,389	2,169,877	314,267	339,137	2,724,656	2,509,014
General Receipts:						
Property and Other Local Taxes	7,128,908	7,478,973			7,128,908	7,478,973
Other Taxes	200,318	199,131			200,318	199,131
Sale of Notes	700,000	500,000			700,000	500,000
Sale of Fixed Assets	16,731	5,512			16,731	5,512
Cable Franchise Fees	95,768	187,287			95,768	187,287
Grants and Entitlements Not Restricted to Specific Programs	1,145,249	1,335,278			1,145,249	1,335,278
Interest	74,150	119,842			74,150	119,842
Miscellaneous					0	0
Miscellaneous	4,745	30,453	0	20,978	4,745	51,431
Total General Receipts	9,365,869	9,856,476	0	20,978	9,365,869	9,877,454
Total Receipts	11,776,258	12,026,353	314,267	360,115	12,090,525	12,386,468
Disbursements:						
General Government	1,107,805	969,075			1,107,805	969,075
Public Safety	6,906,334	6,642,059			6,906,334	6,642,059
Public Works	2,005,598	1,828,221			2,005,598	1,828,221
Public Health Services	199,755	199,456			199,755	199,456
Leisure Time Activities	343,701	367,720			343,701	367,720
Other	3,098	3,105			3,098	3,105
Capital Outlay	1,220,697	917,264			1,220,697	917,264
Principal Retirement	738,765	538,902			738,765	538,902
Interest and Fiscal Charges	9,477	12,512			9,477	12,512
Other	0	0	250,109	311,816	250,109	311,816
Total Disbursements	12,535,230	11,478,314	250,109	311,816	12,785,339	11,790,130
Excess (Deficiency) Before Transfers	(758,972)	548,039	64,157	48,299	(694,814)	596,338
Transfers	(329)	0	0		(329)	0
Increase (Decrease) in Net Assets	(759,301)	548,039	64,157	48,299	(695,143)	596,338
Net Assets, January 1,	2,468,015	1,919,738	196,134	147,835	2,664,149	2,067,573
Net Assets, December 31,	\$1,708,714	\$2,467,777	\$260,291	\$196,134	\$1,969,006	\$2,663,911

Program receipts represent 20 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees.

General receipts represent 80 percent of the Township's total receipts, and of this amount, 76 percent are local taxes. State and federal grants and entitlements make up the balance of the Township's general receipts (12 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Austintown Township
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

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

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

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Public Safety and Public Works account for 55 and 16 percent of all governmental disbursements, respectively. General government also represents a significant cost, about 9 percent. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
General Government	\$1,107,805	\$960,773	\$969,075	\$679,734
Public Safety	\$6,906,334	\$5,801,316	\$6,642,059	\$5,639,826
Public Works	\$2,005,598	\$1,046,395	\$1,828,221	\$1,130,228
Public Health Services	199,755	176,710	199,456	179,144
Leisure Time Activities	343,701	167,610	367,720	207,723
Other	3,098	3,098	3,105	3,105
Capital Outlay	1,220,697	1,220,697	917,264	917,264
Principal Retirement	738,765	738,765	538,902	538,902
Interest and Fiscal Charges	9,477	9,477	12,512	12,512
Total Expenses	\$12,535,230	\$10,124,841	\$11,478,314	\$9,308,438

The dependence upon property and intergovernmental receipts is apparent as over 66 percent of governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$11,774,815 and disbursements of \$12,511,672. The greatest change within governmental funds occurred within the Zoning Fund. The fund balance of the Zoning Fund decreased \$143,377.

Austintown Township
Management's Discussion and Analysis
For the Year Ended December 31, 2008
Unaudited

General Fund Budgeting Highlights

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

During 2008, the Township amended its General Fund budget several times to reflect changing circumstances. The difference between final budgeted receipts and actual receipts was not significant.

Receipts were budgeted at \$2,135,889; actual receipts were \$2,140,410 for a positive variance of \$4,521. Disbursements were budgeted at \$1,241,589 while actual disbursements were \$896,050 for a positive variance of \$345,539 giving a net positive variance of \$350,060.

Capital Assets and Debt Administration

Capital Assets

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

Debt

At December 31, 2008, the Township had the following outstanding debt:

Park	\$3,512
Westchester Fund	\$266,209

Contacting the Township's Financial Management

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

Austintown Township
Mahoning County
Statement of Net Assets - Cash Basis
December 31, 2008

	Governmental Activities	Business - Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,707,714	\$260,292	\$1,968,006
Investments	1,000		1,000
<i>Total Assets</i>	<u>\$1,708,714</u>	<u>\$260,292</u>	<u>\$1,969,006</u>
Net Assets			
Restricted for:			
Capital Projects	\$3,987		\$3,987
Expendable	3,273		3,273
Nonexpendable	1,000		1,000
Other Purposes	629,515		629,515
Unrestricted	<u>1,070,939</u>	<u>\$260,292</u>	<u>1,331,231</u>
<i>Total Net Assets</i>	<u>\$1,708,714</u>	<u>\$260,292</u>	<u>\$1,969,006</u>

See accompanying notes to the basic financial statements

Austintown Township
Mahoning County
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2008

	General	Road and Bridge	Police District	Fire District	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 1,070,939	\$ 92,569	\$ 98,880	\$ 115,812	\$ 221,500	\$ 1,599,700
Investments	-				1,000	1,000
<i>Total Assets</i>	<u>1,070,939</u>	<u>92,569</u>	<u>98,880</u>	<u>115,812</u>	<u>222,500</u>	<u>1,600,700</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	1,724	3,264	11,217	6,896	1,422	24,524
Unreserved:						
General Fund	1,069,215	-	-	-	-	1,069,215
Special Revenue Funds	-	89,305	87,663	108,915	213,231	499,114
Capital Projects Funds	-	-	-	-	3,574	3,574
Permanent Fund	-	-	-	-	4,273	4,273
<i>Total Fund Balances</i>	<u>\$1,070,939</u>	<u>\$92,569</u>	<u>\$98,880</u>	<u>\$115,812</u>	<u>\$222,500</u>	<u>\$1,600,700</u>

See accompanying notes to the basic financial statements

Austintown Township
Mahoning County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

	General	Road and Bridge	Police District	Fire District	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 793,028	\$ 1,117,161	\$ 3,442,405	\$ 1,699,066	\$ 277,565	\$ 7,329,225
Licenses, Permits and Fees	100,945		3,009		85,602	189,557
Fines and Forfeitures	19,353		12,365	160	12,573	44,451
Intergovernmental	1,152,049	161,015	546,948	317,886	906,667	3,084,565
Special Assessments					116,928	116,928
Earnings on Investments	72,196				3,693	75,889
Miscellaneous	2,831	9,901	37,729	73,810	93,215	217,486
<i>Total Receipts</i>	<u>2,140,402</u>	<u>1,288,077</u>	<u>4,042,456</u>	<u>2,090,922</u>	<u>1,496,243</u>	<u>11,058,101</u>
Disbursements						
Current:						
General Government	680,779				244,103	924,882
Public Safety	5,017		4,349,071	2,499,784	106,761	6,960,633
Public Works		1,575,809			536,052	2,111,861
Health	184,612				15,143	199,755
Conservation-Recreation	17,031				329,771	346,802
Capital Outlay	6,886	47,323	134,960	257,975	772,353	1,219,497
Debt Service:						
Principal Retirement		38,765	300,000	400,000		738,765
Interest and Fiscal Charges			4,073	5,404		9,477
<i>Total Disbursements</i>	<u>894,325</u>	<u>1,661,897</u>	<u>4,788,104</u>	<u>3,163,163</u>	<u>2,004,183</u>	<u>12,511,672</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,246,077</u>	<u>(373,820)</u>	<u>(745,648)</u>	<u>(1,072,241)</u>	<u>(507,940)</u>	<u>(1,453,571)</u>
Other Financing Sources (Uses)						
Sale of Notes			300,000	400,000		700,000
Sale of Fixed Assets	7	105	14,860	1,418	325	16,714
Transfers In		275,000	300,000	600,000	173,492	1,348,492
Transfers Out	(1,348,492)		(103)	(96)	(130)	(1,348,821)
Advances In	1,429,916	100,000	550,000	600,000	163,767	2,843,683
Advances Out	(1,429,916)	(100,000)	(550,000)	(600,000)	(163,767)	(2,843,683)
Other Financing Uses	(2)					(2)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,348,487)</u>	<u>275,105</u>	<u>614,757</u>	<u>1,001,322</u>	<u>173,687</u>	<u>716,383</u>
<i>Net Change in Fund Balances</i>	<u>(102,410)</u>	<u>(98,715)</u>	<u>(130,891)</u>	<u>(70,919)</u>	<u>(334,253)</u>	<u>(737,188)</u>
<i>Fund Balances Beginning of Year</i>	<u>1,173,349</u>	<u>191,283</u>	<u>229,771</u>	<u>186,730</u>	<u>556,754</u>	<u>2,337,887</u>
<i>Fund Balances End of Year</i>	<u>\$ 1,070,939</u>	<u>\$ 92,569</u>	<u>\$ 98,880</u>	<u>\$ 115,811</u>	<u>\$ 222,500</u>	<u>\$ 1,600,699</u>

See accompanying notes to the basic financial statements

Austintown Township
Mahoning County
Statement of Cash Receipts, Disbursements and Changes
In Fund Cash Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 802,000	\$ 793,028	\$ 793,028	\$ -
Licenses, Permits and Fees	183,000	100,945	100,945	-
Fines and Forfeitures	15,000	19,353	19,353	-
Intergovernmental	1,196,109	1,152,049	1,152,049	-
Earnings on Investments	10,000	67,675	72,196	4,521
Miscellaneous	1,000	2,831	2,831	-
<i>Total receipts</i>	<u>2,207,109</u>	<u>2,135,881</u>	<u>2,140,402</u>	<u>4,521</u>
Disbursements				
Current:				
General Government	1,013,398	1,027,708	682,502	345,206
Public Safety	5,000	5,017	5,017	-
Health	190,000	184,612	184,612	-
Conservation-Recreation	15,000	17,031	17,031	-
Capital Outlay	2,593	7,214	6,886	328
<i>Total Disbursements</i>	<u>1,225,991</u>	<u>1,241,582</u>	<u>896,048</u>	<u>345,534</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>981,118</u>	<u>894,299</u>	<u>1,244,354</u>	<u>350,055</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets		7	7	-
Transfers Out	(1,367,000)	(1,351,401)	(1,348,492)	2,909
Advances In			1,429,916	1,429,916
Advances Out		(100,000)	(1,429,916)	(1,329,916)
Other Financing Uses		(8)	(2)	6
<i>Total Other Financing Sources (Uses)</i>	<u>(1,367,000)</u>	<u>(1,451,402)</u>	<u>(1,348,487)</u>	<u>102,915</u>
<i>Net Change in Fund Balance</i>	(385,882)	(557,103)	(104,133)	452,969
<i>Unencumbered Cash Balance Beginning of Year</i>	1,170,638	1,170,638	1,170,638	-
Prior Year Encumbrances Appropriated	2,711	2,711	2,711	-
<i>Fund Balance End of Year</i>	<u>\$ 787,467</u>	<u>\$ 616,246</u>	<u>\$ 1,069,215</u>	<u>\$ 452,969</u>

See accompanying notes to the basic financial statements

Austintown Township
Mahoning County
Statement of Cash Receipts, Disbursements and Changes
In Fund Cash Balance - Budget and Actual - Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 1,151,000	\$ 1,151,000	\$ 1,117,162	\$ (33,838)
Intergovernmental	185,564	124,082	161,014	36,932
Miscellaneous	13,100	13,100	9,901	(3,199)
<i>Total receipts</i>	<u>1,349,664</u>	<u>1,288,182</u>	<u>1,288,077</u>	<u>(105)</u>
Disbursements				
Current:				
Public Works	1,693,673	1,662,899	1,579,073	83,826
Capital Outlay	35,000	47,328	47,323	5
Debt Service:				
Principal Retirement	40,000	38,765	38,765	-
<i>Total Disbursements</i>	<u>1,768,673</u>	<u>1,748,992</u>	<u>1,665,161</u>	<u>83,831</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(419,009)</u>	<u>(460,810)</u>	<u>(377,084)</u>	<u>83,726</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets			105	105
Transfers In	275,000	275,000	275,000	-
Advances In			100,000	100,000
Advances Out			(100,000)	(100,000)
<i>Total Other Financing Sources (Uses)</i>	<u>275,000</u>	<u>275,000</u>	<u>275,105</u>	<u>105</u>
<i>Net Change in Fund Balance</i>	(144,009)	(185,810)	(101,979)	83,831
<i>Unencumbered Cash Balance Beginning of Year</i>	185,810	185,810	185,810	-
Prior Year Encumbrances Appropriated	5,473	5,473	5,473	-
<i>Fund Balance End of Year</i>	<u>\$ 47,274</u>	<u>\$ 5,473</u>	<u>\$ 89,304</u>	<u>\$ 83,831</u>

See accompanying notes to the basic financial statements

Austintown Township
Mahoning County
Statement of Cash Receipts, Disbursements and Changes
In Fund Cash Balance - Budget and Actual - Budget Basis
Police District Fund
For the Year Ended December 31, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 3,577,000	\$ 3,577,000	\$ 3,442,405	\$ (134,595)
Licenses, Permits and Fees	3,000	3,000	3,010	10
Fines and Forfeitures			12,365	12,365
Intergovernmental	371,736	371,736	546,948	175,212
Miscellaneous	35,500	35,500	37,729	2,229
<i>Total receipts</i>	<u>3,987,236</u>	<u>3,987,236</u>	<u>4,042,457</u>	<u>55,221</u>
Disbursements				
Current:				
Public Safety	4,360,316	4,380,038	4,360,289	19,749
Capital Outlay	140,000	134,963	134,960	3
Debt Service:				
Principal Retirement	300,000	300,000	300,000	-
Interest and Fiscal Charges	7,500	4,137	4,073	64
<i>Total Disbursements</i>	<u>4,807,816</u>	<u>4,819,138</u>	<u>4,799,322</u>	<u>19,816</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(820,580)</u>	<u>(831,902)</u>	<u>(756,865)</u>	<u>75,037</u>
Other Financing Sources (Uses)				
Sale of Notes	300,000	300,000	300,000	-
Sale of Fixed Assets			14,860	14,860
Transfers In	350,000	350,000	300,000	(50,000)
Transfers Out		(103)	(103)	-
Advances In			550,000	550,000
Advances Out			(550,000)	(550,000)
<i>Total Other Financing Sources (Uses)</i>	<u>650,000</u>	<u>649,897</u>	<u>614,757</u>	<u>(35,140)</u>
<i>Net Change in Fund Balance</i>	(170,580)	(182,005)	(142,108)	39,897
<i>Unencumbered Cash Balance Beginning of Year</i>	209,954	209,954	209,955	1
Prior Year Encumbrances Appropriated	<u>19,816</u>	<u>19,816</u>	<u>19,816</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 59,190</u>	<u>\$ 47,766</u>	<u>\$ 87,663</u>	<u>\$ 39,897</u>

See accompanying notes to the basic financial statements

Austintown Township
Mahoning County
Statement of Cash Receipts, Disbursements and Changes
In Fund Cash Balance - Budget and Actual - Budget Basis
Fire District Fund
For the Year Ended December 31, 2008

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 1,753,000	\$ 1,753,000	\$ 1,699,066	\$ (53,934)
Licenses, Permits and Fees			160	160
Intergovernmental	241,825	241,825	317,886	76,061
Miscellaneous	26,510	26,510	73,810	47,300
<i>Total receipts</i>	<u>2,021,335</u>	<u>2,021,335</u>	<u>2,090,922</u>	<u>69,587</u>
Disbursements				
Current:				
Public Safety	2,576,826	2,579,590	2,506,680	72,910
Capital Outlay	222,500	261,514	257,975	3,539
Debt Service:				
Principal Retirement	200,000	400,000	400,000	-
Interest and Fiscal Charges	5,000	5,404	5,404	-
<i>Total Disbursements</i>	<u>3,004,326</u>	<u>3,246,508</u>	<u>3,170,059</u>	<u>76,449</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(982,991)</u>	<u>(1,225,173)</u>	<u>(1,079,137)</u>	<u>146,036</u>
Other Financing Sources (Uses)				
Sale of Notes	200,000	400,000	400,000	-
Sale of Fixed Assets			1,418	1,418
Transfers In	650,000	650,000	600,000	(50,000)
Transfers Out		(96)	(96)	-
Advances In			600,000	600,000
Advances Out			(600,000)	(600,000)
<i>Total Other Financing Sources (Uses)</i>	<u>850,000</u>	<u>1,049,904</u>	<u>1,001,322</u>	<u>(48,582)</u>
<i>Net Change in Fund Balance</i>	<u>(132,991)</u>	<u>(175,269)</u>	<u>(77,815)</u>	<u>97,453</u>
<i>Unencumbered Cash Balance Beginning of Year</i>	172,397	172,397	172,397	-
Prior Year Encumbrances Appropriated	14,333	14,333	14,333	-
<i>Fund Balance End of Year</i>	<u>\$ 53,740</u>	<u>\$ 11,462</u>	<u>\$ 108,915</u>	<u>\$ 97,453</u>

See accompanying notes to the basic financial statements

Austintown Township
Mahoning County
Statement of Fund Net Assets - Cash Basis
Proprietary Funds
December 31, 2008

	Business-Type Activity Westchester Building	Governmental Activity Internal Service Funds
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 260,292	\$ 108,014
<i>Total Assets</i>	<u>260,292</u>	<u>108,014</u>
Net Assets		
Other Purpose		108,014
Unrestricted	260,292	
Total Net Assets	<u>\$ 260,292</u>	<u>\$ 108,014</u>

See accompanying notes to the basic financial statements

Austintown Township
Mahoning County
Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2008

	<u>Business-Type Activity</u> Major <u>Enterprise Fund</u>	<u>Governmental</u> <u>Activity</u> <u>Internal Service</u>
Operating Receipts		
Other Operating Receipts	\$314,267	\$670,546
<i>Total Operating Receipts</i>	<u>314,267</u>	<u>670,546</u>
Operating Disbursements		
Salaries		429,708
Employee Fringe Benefits		210,925
Purchased Services	63,249	44,686
Materials and Supplies	136	7,583
Other	10,249	
<i>Total Operating Disbursements</i>	<u>73,634</u>	<u>692,902</u>
<i>Operating Income (Loss)</i>	<u>240,633</u>	<u>(22,356)</u>
Non-Operating Receipts (Disbursements)		
Intergovernmental		1,425
Capital Outlay	(30,942)	(1,200)
Sale of Fixed Assets		17
Principal Payments	(119,292)	
Interest and Fiscal Charges	(26,242)	
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(176,476)</u>	<u>242</u>
<i>Income (Loss) before Advances</i>	64,157	(22,114)
Advances In		10,000
Advances Out		(10,000)
<i>Change in Net Assets</i>	64,157	(22,114)
<i>Net Assets Beginning of Year</i>	<u>196,135</u>	<u>130,128</u>
<i>Net Assets End of Year</i>	<u>\$ 260,292</u>	<u>\$ 108,014</u>

See accompanying notes to the basic financial statements

Austintown Township
Mahoning County
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
December 31, 2008

	Agency
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 32,911
Investments	
<i>Total Assets</i>	32,911
Net Assets	
Other Purposes	32,911
Total Net Assets	\$ 32,911

See accompanying notes to the basic financial statements

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Note 1 – Reporting Entity

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

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

A. Primary Government

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

B. Component Units

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

The Township has no component units.

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

Note 2 – Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

Note 2 – Summary of Significant Accounting Policies (continued)

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

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

B. Fund Accounting

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

Governmental Funds

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

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

Note 2 – Summary of Significant Accounting Policies (continued)

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

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

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

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

Proprietary Funds

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

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Township has one Enterprise fund. The Westchester Building Fund collects rental income from the building to be used for Parks and Recreation.

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

Fiduciary Funds

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

C. Basis of Accounting

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

D. Budgetary Process

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

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

Note 2 – Summary of Significant Accounting Policies (continued)

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

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

E. Cash and Investments

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

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

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

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

During 2008, the Township invested in nonnegotiable certificates of deposit, checking accounts and an associated sweep account. The nonnegotiable certificates of deposit are reported at cost.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2008 was \$72,196.

F. Restricted Assets

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

G. Inventory and Prepaid Items

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

H. Capital Assets

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

Note 2 – Summary of Significant Accounting Policies (continued)

I. Interfund Receivables/Payables

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

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

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

M. Net Assets

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

N. Interfund Transactions

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

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

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is and any major special revenue fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$1,724 for the General Fund and \$21,377 for major special revenue funds.

Note 4 – Deposits and Investments

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

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

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

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

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

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

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

Austintown Township
Notes to the Financial Statements
For the Year Ended December 31, 2008

Note 4 - Deposits and Investments (continued)

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year-end, \$1,500,917 of the Township's bank balance of \$2,000,917 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

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

Investments

The Township invests in a certificate of deposit.

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2008 represent the collection of 2007 taxes. Real property taxes received in 2008 were levied after October 1, 2007, on the assessed values as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2008 represent the collection of 2007 taxes. Public utility real and tangible personal property taxes received in 2008 became a lien on December 31, 2007, were levied after October 1, 2007, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2008 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2008 were levied after October 1, 2007, on the true value as of December 31, 2007. Tangible personal property is currently assessed at 6.25 percent of true value for capital assets and 6.25 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2008, was \$18.10 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 property tax receipts were based are as follows:

Real Property	
Residential & Agricultural	\$446,599,760
Commercial/Industrial/Mineral	155,326,410
Tangible Personal Property	12,518,121
Public Utility	11,006,150
Total Assessed Value	<u>\$625,450,441</u>

Note 6 – Risk Management

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

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

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

Casualty Insurance

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

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

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

Property Insurance

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

The aforementioned casualty and property reinsurance agreements do not discharge OTARMA's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective OTARMA member.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform to generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008.

	<u>2008</u>
Assets	\$40,737,740
Liabilities	<u>(12,981,818)</u>
Retained earnings	<u>\$27,755,922</u>

The Casualty Coverage retained earnings noted above include approximately \$10.9 million of estimated incurred claims that will be paid subsequent to December 31, 2008. These amounts will be billed and collected from members in the future when the related claims are due for payment. Because OTARMA is a public entity risk pool that shares risk management among its members, a specific liability related to the Township cannot be reasonably estimated.

Note 6 – Risk Management (continued)

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

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

<u>Year</u>	<u>Contribution</u>
2008	\$55,920
2007	59,733
2006	77,997

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

Note 7 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

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

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

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

For the year ended December 31, 2008, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 10.00 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.10 percent of their annual covered salary; members in public safety contributed 10.00 percent. The Township's contribution rate for pension benefits for 2008 was 14.00 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's

Note 7 – Defined Benefit Pension Plan (continued)

pension contributions were 17.40 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$1,069,194, \$993,496, and \$937,467 respectively. The full amount has been contributed for 2008, 2007 and 2006. Contributions to the member-directed plan for 2008 were \$653,206 made by the Township and \$415,988 made by the plan members.

B. Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10.00 percent of their annual covered salary to fund pension obligations while the Township is required to contribute 19.50 percent for police and 24.00 percent for firefighters. Contributions are authorized by State statute. The Township's contributions to the fund for police and firefighters were \$263,550 for the year ended December 31, 2008, \$243,362 for the year ended December 31, 2007, and \$240,638 for the year ended December 31, 2006. The full amount has been contributed for 2008, 2007 and 2006.

Note 8 - Post employment Benefits

A. Ohio Public Employees Retirement System

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

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

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

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

Note 8 - Post employment Benefits (continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2008, local government employers contributed 14.00 percent of covered payroll (17.40 percent for public safety and law enforcement). Each year, The OPERS retirement board determines the portion of the employer contribution that will be set aside for funding postemployment healthcare benefits. The amount of the employer contributions which was allocated to fund post-employment healthcare was 7 percent of covered payroll for 2008.

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

The Township's contributions allocated to fund postemployment healthcare benefits for the years ended December 31, 2008, 2007, and 2006 were \$ 45,724, \$ 33,539, and \$ 26,017 respectively; 100 percent has been contributed for 2008, 2007 and 2006.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the healthcare plan.

B. Ohio Police and Fire Pension Fund

Plan Description – The Township contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing multiple-employer defined benefit postemployment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium reimbursement and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit or is a spouse or eligible dependent child of such person.

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

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

Funding Policy – OP&F's postemployment healthcare plan was established and is administered as an Internal Revenue Code 401 (h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan, members, currently, 24.00 percent of covered payroll for fire employers.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401 (h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2008, the employer contribution allocated to the healthcare plan was 7.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401 (h).

Austintown Township
Notes to the Financial Statements
For the Year Ended December 31, 2008

Note 8 - Post employment Benefits (continued)

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

The Township's contributions to OP&F which were allocated to fund postemployment healthcare benefits for firefighters were \$28,936 for the year ended December 31, 2008, \$26,719 for the year ended December 31, 2007 and \$18,649 for the year ended December 31, 2006. The full amount has been contributed for 2008, 2007, and 2006.

Note 9 - Notes Payable

A summary of the note transactions for the year ended December 31, 2008, follows:

	Interest Rate	Balance December 31, 2007	Additions	Reductions	Balance December 31, 2008
<u>Governmental Activities</u>					
2006 Promissory Note	5.250%	\$36,000		\$36,000	\$0
2006 Loan	0.000%	\$5,073		\$1,561	\$3,512
<u>Business Activities</u>					
2006 General Obligations	7.250%	\$385,501		\$119,292	\$266,209
<u>Tax Anticipation Notes</u>					
2008 Issues	4.25%		\$500,000	\$500,000	\$0
	4.00%		\$200,000	\$200,000	

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

Note 10 – Interfund Transfers

During 2008 the following transfers were made:

Transfers from the General Fund to:	
Major Governmental Fund	\$1,175,000
Other Governmental Funds	173,492
Total Transfers from the General Fund	<u>\$1,348,492</u>
Transfers to Agency Fund from:	
Major Governmental Fund	\$ 199
Other Governmental Funds	130
Total Transfers from the General Fund	<u>\$ 329</u>

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



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Austintown Township
Mahoning County
82 Ohltown Rd
Austintown, Ohio 44515

To the Board of Trustees:

We have audited the financial statements of Austintown Township (the Township) as of and for the year ended December 31, 2008, and have issued our report thereon dated September 14, 2009 wherein we noted the Township prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

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



Mary Taylor, CPA
Auditor of State

September 14, 2009



Mary Taylor, CPA
Auditor of State

AUSTINTOWN TOWNSHIP

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 6, 2009**