



Mary Taylor, CPA
Auditor of State

Boardman Township
Mahoning County, Ohio

Fiscal Analysis
As of December 31, 2009

Local Government Services Section

Boardman Township – Mahoning County

Fiscal Watch Analysis

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Boardman Township, Mahoning County

Fiscal Watch Analysis

Introduction

In response to a request from the Boardman Township Trustees, as provided for in Section 118.021 of the Ohio Revised Code, the Auditor of State performed a fiscal watch analysis for Boardman Township, Mahoning County.

A township is placed in fiscal watch if any one of four conditions described in Section 118.022 of the Ohio Revised Code exists as of December 31. The four conditions are: 1) significant past due accounts payable; 2) substantial deficit balances in township funds; 3) a sizeable deficiency in the township's treasury when the balance is compared to the positive cash balances of the township's funds; and 4) a large forecasted general fund deficit at the end of the current year.

This report identifies the procedures performed and the conclusions reached with respect to the first three conditions as of December 31, 2008 and the forecast of the general fund for the year ending December 31, 2009.

Condition One - Past Due Accounts Payable from the General Fund and All Funds

Section 118.022(A)(1) of the Ohio Revised Code defines a fiscal watch condition as the existence of either of the following situations:

- (a) All accounts that were due and payable from the general fund of a municipal corporation, county, or township at the end of the preceding fiscal year that had been due and payable for at least thirty days at the end of the fiscal year or to which a penalty was added for failure to pay by the end of the fiscal year, less the year-end balance in the general fund, exceeded one-twelfth of the general fund budget for that year.
- (b) All accounts that were due and payable at the end of the preceding fiscal year from all funds of the municipal corporation, county, or township and that had been due and payable for at least thirty days at the end of the fiscal year or to which a penalty was added for failure to pay by the end of the fiscal year, less the year-end balance in the general fund and in the respective special funds available to pay those accounts, exceeded one-twelfth of the available revenues during the preceding fiscal year, excluding nonrecurring receipts, of the general fund and of all special funds from which those accounts are payable.

We prepared a list of accounts payable as of December 31, 2008, that were due and payable from the general fund, and that had been due and payable for at least thirty days, or to which a penalty had been added for failure to pay as of December 31, 2008, including, but not limited to, final judgments, fringe benefits payments due and payable, and amounts due and payable to persons and other governmental entities, including any interest and penalties. From this amount, we subtracted the year-end fund balance available in the general fund to determine if the accounts payable in excess of the available fund balance exceeded one twelfth of the general fund revenues for the year.

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Fiscal Watch Analysis

Schedule I

Accounts Payable Over 30 Days Past Due
Ohio Revised Code Section 118.022(A)(1)(a)
As of December 31, 2008

	Payables Over 30 Days Past Due	General Fund Balance Available	Payables In Excess of Available Balance	One-Twelfth of Available General Fund Budget	Payables in Excess of General Fund Revenues
General Fund	\$2,150	\$853,762	\$0	\$618,760	\$0

We prepared a second list of accounts payable as of December 31, 2008, that were due and payable from all funds of the Township, and that had been due and payable for at least thirty days or to which a penalty had been added for failure to pay as of December 31, 2008, including, but not limited to, final judgments, fringe benefit payments due and payable, and amounts due and payable to persons and other governmental entities including any interest penalties. From this amount, we subtracted the year-end fund balance in the general fund and the respective special funds available to pay such outstanding bills. We then determined if the accounts payable in excess of the available fund balance exceeded one-twelfth of the available revenues during 2008, excluding non-recurring receipts, of the general fund and of all special funds from which such accounts are lawfully payable.

Schedule II

Accounts Payable Over 30 Days Past Due
Ohio Revised Code Section 118.022(A)(1)(b)
As of December 31, 2008

Funds	Payables Over 30 Days Past Due	Fund Balance Available	Payables In Excess of Available Balance	One-Twelfth of Available Revenues	Payables in Excess of General Fund Revenues
General Fund	\$2,150	\$853,762	\$0	\$618,760	\$0
Police District Fund	2,472	401	2,071	165,017	0
Totals	\$4,622	\$854,163	\$2,071	\$783,777	\$0

Conclusion: Schedules I and II indicate that a fiscal watch condition does not exist under Section 118.022(A)(1) of the Ohio Revised Code. Accounts payable which were at least thirty days past due as of December 31, 2008 from the general fund and all funds did not exceed one-twelfth of the available revenue.

Condition Two - Deficit Fund Balances

Section 118.022(A)(2) of the Ohio Revised Code defines a fiscal watch condition as:

The aggregate of deficit amounts of all deficit funds at the end of the preceding fiscal year, less the total of any year-end balance in the general fund and in any special fund that may be transferred as provided in Section 5705.14 of the Ohio Revised Code to meet that deficit,

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Fiscal Watch Analysis

exceeded one-twelfth of the total of the general fund budget for that year and the receipts to those deficit funds during that year other than from transfers from the general fund.

We computed the adjusted aggregate sum of all deficit funds as of December 31, 2008, by subtracting all accounts payable and encumbrances from the year-end cash fund balance of each fund. We then determined if the aggregate deficit fund balance exceeded one-twelfth of the general fund budget and the receipts of those deficit funds.

Schedule III

Deficit Fund Balances
Ohio Revised Code Section 118.022(A)(2)
As of December 31, 2008

Fund	Cash Fund Balance	Less Accounts Payable and Encumbrances	Adjusted Aggregate Funds With Deficit Balances	One-Twelfth Fund Receipts	Unprovided Portion of Aggregate Deficit
Police District Fund	\$401	(\$52,531)	(\$52,130)	\$214,205	\$0

Conclusion: Schedule III indicates that a fiscal watch condition does not exist under Section 118.022(A)(2) of the Ohio Revised Code as of December 31, 2008. The adjusted aggregate deficit of the police district fund did not exceed one-twelfth of the fund receipts.

Condition Three - Treasury Balances

Section 118.022(A)(3) of the Ohio Revised Code defines a fiscal watch condition as:

At the end of the preceding fiscal year, moneys and marketable investments in or held for the unsegregated treasury of a municipal corporation, county, or township, minus outstanding checks and warrants, were less in amount than the aggregate of the positive balances of the general fund and those special funds, the purposes of which the unsegregated treasury is held to meet, and such deficiency exceeded one-twelfth of the total amount received into the unsegregated treasury during the preceding fiscal year.

We verified the Township's reconciliation of its bank balance to the cash balance for all funds as of December 31, 2008, including the reconciling factors used to arrive at the treasury balance. We then subtracted the aggregate of all positive fund cash balances, the purpose of which the unsegregated treasury is held to meet, to determine the treasury deficit. No further calculations were performed because there was no treasury deficit.

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Schedule IV

Treasury Balance
Ohio Revised Code Section 118.022(A)(3)
As of December 31, 2008

	<u>Amounts at December 31, 2008</u>
Bank Cash Balance	\$3,190,684
Adjustments:	
Outstanding Checks	(229,948)
Deposits in Transit	29,815
Total Treasury Balance	<u>2,990,551</u>
Positive Cash Fund Balances:	
General	853,762
Motor Vehicle License Tax	186,187
Gasoline Tax	567,930
Road and Bridge	580,557
Cemetery	11,456
Police District	401
Permissive Motor Vehicle License Tax	92,284
Federal Law Enforcement	59
Law Enforcement Trust	410,693
Lighting Assessments	138,702
FEMA	62,600
Mahoning County Recycling Assistance	3,329
Drug Abuse Resistance Education Grant	21,059
Capital Projects	34,575
Agency	22,088
Meredith Trust	4,869
Total Positive Balances	<u>2,990,551</u>
Treasury Deficit	<u><u>\$0</u></u>

Conclusion: Schedule IV indicates that a fiscal watch condition does not exist under Section 118.022(A)(3) of the Ohio Revised Code as of December 31, 2008. The treasury balance equaled the fund cash balances as of December 31, 2008.

Condition 4 - Financial Forecast

Section 118.022(A)(4) of the Ohio Revised Code defines a fiscal watch condition as:

Based on an examination of the financial forecast approved by the legislative authority of a municipal corporation, county, or township, the auditor of state certifies that the general fund deficit at the end of the current fiscal year will exceed one-twelfth of the general fund revenue from the preceding fiscal year.

Boardman Township, Mahoning County

Fiscal Watch Analysis

The Boardman Township Trustees, in Resolution Number 09-06-10-12, approved a financial forecast of the general fund for the year ending December 31, 2009, which has been revised and adjusted by management since approval. The Auditor of State is unable to conclude the examination of the financial forecast because a majority of the Township Trustees will not provide us with a letter of representation affirming their responsibility for the preparation and presentation of the financial forecast and the underlying assumptions (see Appendix A).

Conclusion: The financial forecast of the general fund for the year ending December 31, 2009 cannot be completed; therefore, the Auditor of State cannot certify the deficit in the general fund and determine the existence of a fiscal watch.

Summary

We have performed the procedures necessary to determine whether any of the four conditions for fiscal watch set forth in Section 118.021 of the Ohio Revised Code existed as of December 31, 2009, at Boardman Township, Mahoning County. The results of our analysis indicate that a fiscal watch does not exist at Boardman Township.

Because the preceding procedures were not sufficient to constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts and fund balances referred to above. Had we performed additional procedures or had we made an audit of the financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported herein.

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APPENDIX A

**Boardman Township
Mahoning County**

Financial Forecast

For the Year Ending December 31, 2009

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Mary Taylor, CPA

Auditor of State

Township Trustees
Boardman Township
8299 Market Street
Boardman, Ohio 44512

Independent Accountant's Report

We were engaged to examine the accompanying forecasted statement of revenues, expenditures and changes in fund balance of the general fund of Boardman Township for the year ending December 31, 2009. Boardman Township's management is responsible for the forecast.

The Board of Township Trustees has not provided us with a representation letter signed by the majority of the Trustees which acknowledges that the management is responsible for the preparation and presentation of the forecast and the underlining assumptions. This prevented us from obtaining documentation we consider appropriate to evaluate both the assumptions used by management and the preparation and presentation of the forecast.

Because, as described in the preceding paragraph, we were unable to obtain representation from management, the scope of our work was not sufficient to express, and we do not express, an opinion with respect to the preparation and presentation of, or the assumptions underlying, the accompanying forecast. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

The accompanying statement of revenues, expenditures and changes in fund balance of the general fund of Boardman Township for the years ended December 31, 2006, 2007 and 2008 were compiled by us in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed this financial information, and, accordingly, do not express an opinion or any other form of assurance on them. Management has elected to omit substantially all of the disclosures associated with the historical financial statements; these disclosures might influence a user's conclusions regarding the Township's results of operations. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Mary Taylor

MARY TAYLOR, CPA
Auditor of State

October 14, 2009

Boardman Township, Ohio*Financial Forecast**Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis**For the Years Ended December 31, 2006, 2007 and 2008 Actual; and**Ending December 31, 2009; Forecasted***General Fund**

	2006 Actual	2007 Actual	2008 Actual	2009 Forecasted
Revenues				
Property Taxes	\$5,923,000	\$5,751,000	\$4,933,000	\$4,846,000
Hotel/Motel Taxes	265,000	276,000	275,000	245,000
Licenses, Permits, Fees and Fines	134,000	130,000	148,000	131,000
Cable Franchise Fees	218,000	224,000	230,000	237,000
Intergovernmental:				
Property Tax Allocation	563,000	693,000	1,271,000	1,563,000
Local Government Distribution	754,000	760,000	742,000	691,000
Estate Tax	794,000	1,861,000	747,000	916,000
Liquor Permit Fees	58,000	54,000	55,000	56,000
Cigarette License Fees	1,000	1,000	1,000	1,000
Interest	425,000	354,000	53,000	5,000
Other	283,000	353,000	437,000	390,000
Total Revenues	9,418,000	10,457,000	8,892,000	9,081,000
Expenditures				
Current:				
General Government				
Administration				
Personal Services	637,000	564,000	549,000	503,000
Other	535,000	514,000	480,000	519,000
Total Administration	1,172,000	1,078,000	1,029,000	1,022,000
Town Halls, Memorial Buildings and Grounds				
Personal Services	36,000	43,000	53,000	49,000
Other	42,000	63,000	35,000	46,000
Total Town Halls, Memorial Buildings and Grounds	78,000	106,000	88,000	95,000
Zoning				
Personal Services	199,000	197,000	180,000	175,000
Other	72,000	45,000	28,000	19,000
Total Zoning	271,000	242,000	208,000	194,000
Other				
Personal Services	1,000	4,000	6,000	0
Other	5,000	10,000	6,000	12,000
Total Other	6,000	14,000	12,000	12,000
Total General Government	1,527,000	1,440,000	1,337,000	1,323,000
Public Safety				
Police Protection				
Personal Services	4,737,000	4,781,000	4,683,000	3,231,000
Other	5,000	4,000	2,000	2,000
Total Police Protection	4,742,000	4,785,000	4,685,000	3,233,000
Fire Protection				
Personal Services	4,041,000	4,015,000	3,905,000	3,736,000
Other	431,000	574,000	309,000	347,000
Total Fire Protection	4,472,000	4,589,000	4,214,000	4,083,000
Total Public Safety	\$9,214,000	\$9,374,000	\$8,899,000	\$7,316,000

(continued)

See Independent Accountant's Report

See accompanying summary of significant accounting policies and forecast assumptions.

Boardman Township, Ohio*Financial Forecast**Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis**For the Years Ended December 31, 2006, 2007 and 2008 Actual; and**Ending December 31, 2009; Forecasted***General Fund**

(continued)

	2006 Actual	2007 Actual	2008 Actual	2009 Forecasted
Public Works				
Lighting				
Other	\$4,000	\$4,000	\$1,000	\$0
Highways				
Personal Services	450,000	440,000	497,000	334,000
Other	250,000	185,000	245,000	210,000
Total Highways	<u>700,000</u>	<u>625,000</u>	<u>742,000</u>	<u>544,000</u>
Total Public Works	<u>704,000</u>	<u>629,000</u>	<u>743,000</u>	<u>544,000</u>
Health				
Cemeteries				
Other	2,000	3,000	2,000	3,000
Health Districts				
Other	299,000	289,000	280,000	272,000
Total Health	<u>301,000</u>	<u>292,000</u>	<u>282,000</u>	<u>275,000</u>
Capital Outlay				
Machine, Equipment and Furniture				
Administration Equipment	5,000	0	0	0
Police Vehicles	71,000	17,000	22,000	25,000
Police Equipment	93,000	50,000	0	0
Road Vehicles	62,000	10,000	1,000	0
Road Equipment	358,000	0	5,000	0
Zoning Equipment	4,000	0	0	0
Buildings and Improvements	0	0	0	100,000
Total Capital Outlay	<u>593,000</u>	<u>77,000</u>	<u>28,000</u>	<u>125,000</u>
<i>Total Expenditures</i>	<u>12,339,000</u>	<u>11,812,000</u>	<u>11,289,000</u>	<u>9,583,000</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(2,921,000)</u>	<u>(1,355,000)</u>	<u>(2,397,000)</u>	<u>(502,000)</u>
Other Financing Sources (Uses)				
Employee Severance Fund Closed to General	0	0	670,000	0
Sale of Capital Assets	36,000	0	0	0
Proceeds from Tax Anticipation Note	0	0	0	3,000,000
Advances In	1,076,000	0	348,000	836,000
Advances Out	(1,076,000)	(110,000)	(597,000)	(1,271,000)
Transfers Out	(918,000)	(1,210,000)	0	(3,180,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(\$882,000)</u>	<u>(\$1,320,000)</u>	<u>\$421,000</u>	<u>(\$615,000)</u>

(continued)

See Independent Accountant's Report

See accompanying summary of significant accounting policies and forecast assumptions.

Boardman Township, Ohio

Financial Forecast

*Statement of Revenues, Expenditures and Changes in Fund Balance - Budget Basis
For the Years Ended December 31, 2006, 2007 and 2008 Actual; and
Ending December 31, 2009; Forecasted*

General Fund

(continued)

	2006 Actual	2007 Actual	2008 Actual	2009 Forecasted
<i>Net Change in Fund Balance</i>	(\$3,803,000)	(\$2,675,000)	(\$1,976,000)	(\$1,117,000)
Cash Balance, January 1	9,390,000	5,587,000	2,912,000	936,000
Cash Balance (Deficit), December 31	5,587,000	2,912,000	936,000	(181,000)
Encumbrances, December 31	319,000	107,000	63,000	163,000
Unencumbered Fund Balance (Deficit), December 31	\$5,268,000	\$2,805,000	\$873,000	(\$344,000)

See Independent Accountant's Report

See accompanying summary of significant accounting policies and forecast assumptions.

Boardman Township, Ohio
Schedule of Expenditures by Object and Department and Other Financing Uses - Budget Basis
For the Years Ended December 31, 2006, 2007 and 2008 Actual;
and Ending December 31, 2009; Forecasted

General Fund

Object/Department	2006 Actual	2007 Actual	2008 Actual	2009 Forecasted
Personal Services				
Trustees / Administration	\$637,000	\$564,000	\$549,000	\$503,000
Town Halls, Memorial Buildings and Grounds	36,000	43,000	53,000	49,000
Zoning	199,000	197,000	180,000	175,000
Other	1,000	4,000	6,000	0
Police Protection	4,737,000	4,781,000	4,683,000	3,231,000
Fire Protection	4,041,000	4,015,000	3,905,000	3,736,000
Highways	450,000	440,000	497,000	334,000
<i>Total Personal Services</i>	<u>10,101,000</u>	<u>10,044,000</u>	<u>9,873,000</u>	<u>8,028,000</u>
Other				
Trustees / Administration	535,000	514,000	480,000	519,000
Town Halls, Memorial Buildings and Grounds	42,000	63,000	35,000	46,000
Zoning	72,000	45,000	28,000	19,000
Other	5,000	10,000	6,000	12,000
Police Protection	5,000	4,000	2,000	2,000
Fire Protection	431,000	574,000	309,000	347,000
Lighting	4,000	4,000	1,000	0
Highways	250,000	185,000	245,000	210,000
Cemeteries	2,000	3,000	2,000	3,000
Health Districts	299,000	289,000	280,000	272,000
<i>Total Other</i>	<u>1,645,000</u>	<u>1,691,000</u>	<u>1,388,000</u>	<u>1,430,000</u>
Capital Outlay	<u>593,000</u>	<u>77,000</u>	<u>28,000</u>	<u>125,000</u>
<i>Total Expenditures</i>	<u>12,339,000</u>	<u>11,812,000</u>	<u>11,289,000</u>	<u>9,583,000</u>
Other Financing Uses				
Advances Out	1,076,000	110,000	597,000	1,271,000
Transfers Out	918,000	1,210,000	0	3,180,000
<i>Total Other Financing Uses</i>	<u>1,994,000</u>	<u>1,320,000</u>	<u>597,000</u>	<u>4,451,000</u>
<i>Total Expenditures and Other Financing Uses</i>	<u>\$14,333,000</u>	<u>\$13,132,000</u>	<u>\$11,886,000</u>	<u>\$14,034,000</u>

See Independent Accountant's Report

See accompanying summary of significant accounting policies and forecast assumptions.

Boardman Township, Ohio
Summary of Significant Accounting Policies and Forecast Assumptions
For the Year Ending December 31, 2009

Note 1 – The Township

The constitution and laws of the State of Ohio establish the rights and privileges of Boardman Township as a body corporate and politic. Boardman Township (the “Township”) is located in Mahoning County, Ohio, south of the City of Youngstown and has a population of approximately 42,500. A publicly elected three-member Board of Trustees directs the Township. On October 12, 1999, the Board of Trustees passed a resolution that took effect on November 11, 1999, establishing Boardman Township as a “limited home rule government” and “urban township” as authorized by Chapter 504 of the Ohio Revised Code. This enables the Township to exercise limited powers of local self-government and limited police powers.

The Township provides general governmental services, road and bridge maintenance, cemetery maintenance, and police and fire protection. The administration includes the Board of Trustees, law director, finance director and administrator. The operation of each of these services and departments is directly controlled by the Board of Trustees through the budgetary process.

Note 2 – Nature of Presentation

This financial forecast presents, to the best of the Township’s knowledge and belief, the expected revenues and expenditures and changes in fund balances for the forecast period. Accordingly, the forecast reflects the Township’s judgment, as of September 24, 2009, the date of the forecast, the expected conditions, and its expected course of action. The assumptions disclosed herein are those that management believes are significant to the forecast. There will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.

The forecast presents only the general fund which is significant to the operations of the Township. The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Note 3 – Summary of Significant Accounting Policies

A. Basis of Accounting

This financial forecast has been prepared on a basis of cash receipts, disbursements and encumbrances, which is consistent with the budget basis (non-GAAP) of accounting used to maintain the historical financial statements. Under this basis of accounting, certain revenue and related assets are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred. However, by virtue of Ohio law, the Township is required to maintain the encumbrance method of accounting. This method requires purchase orders, contracts, and other commitments for the expenditure of monies to be recorded as the equivalent of an expenditure in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

Boardman Township, Ohio
Summary of Significant Accounting Policies and Forecast Assumptions
For the Year Ending December 31, 2009

B. Fund Accounting

The Township maintains its accounting records in accordance with the principles of “fund” accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the segregation of specific revenues and expenditures. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity that stands separate from the activities reported in other funds. The Township uses various fund types and funds to maintain its financial records for the year. The restrictions associated with each class of funds are as follows:

Governmental Funds

General Fund

The general fund is the operating fund of the Township and 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 disbursed or transferred in accordance with Ohio Law.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to disbursements for specified purposes.

Debt Service Funds

Debt service funds are used to account for financial resources used to pay principal and interest on long-term debt.

Capital Projects Funds

Capital projects funds are to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Permanent Funds

Permanent funds account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for the benefit of the Township or its constituents.

Proprietary Fund

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.

Fiduciary Funds

Fiduciary funds account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, or other governmental units. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds.

Boardman Township, Ohio
Summary of Significant Accounting Policies and Forecast Assumptions
For the Year Ending December 31, 2009

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of the budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control adopted by the Board of Trustees is established at the major object level within each department and fund. Any budgetary modifications at these levels may only be made by resolution of the Board of Trustees.

Tax Budget – A budget of estimated cash receipts and disbursements is submitted to the Mahoning County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the succeeding year.

Estimated Resources – The County Budget Commission certifies its actions to the Township by September 1. As part of this certification, the Township receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. Prior to December 31, the Township must revise its budget so that total contemplated expenditures from any funds during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations – A temporary appropriation resolution to control expenditures may be passed on or about January 1 of each year if the annual appropriation for the full year is not ready for approval by the Board of Trustees. The temporary appropriation measure remains in place until the annual appropriation measure is adopted for the entire year. By March 31, an annual appropriation resolution must be legally enacted by the Township. The appropriation measure may be amended or supplemented during the year as new information becomes available.

Encumbrances – The Township uses the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation.

D. Property, Plant and Equipment

Capital assets acquired or constructed for general governmental services are recorded as expenditures. Depreciation is not recorded for these capital assets as the purpose of the financial statements for the governmental services is to report the expenditures of resources, not costs.

Boardman Township, Ohio
Summary of Significant Accounting Policies and Forecast Assumptions
For the Year Ending December 31, 2009

Note 4 – Revenue Assumptions

A. Property Taxes

Property tax revenues consist of real property, public utility real and personal property, manufactured homes and tangible personal property taxes. Property tax revenue received during 2009 for real and public utility property taxes represents collections of 2008 taxes. Property tax payments received during 2009 for tangible personal property (other than public utility property) is for 2009 taxes. Property taxes are collected for, and distributed to, the Township by the Mahoning County Auditor and Treasurer. The Township may request advances from the Mahoning County Auditor as the taxes are collected. When final settlements are made, any amounts remaining to be distributed to the Township are paid. Deductions for auditor and treasurer fees, advertising delinquent taxes, election expenses, and other fees are made at these settlement times. The amounts shown in the revenue section of the forecast represent gross property tax revenues and were generated from a confirmation of taxes from the Mahoning County Auditor. The Township uses property taxes to finance general operations, road and bridge operations and police and fire operations.

State law allows for certain reductions in the form of rollbacks and homestead exemptions for real estate taxes. The State reimburses the Township for all revenue lost due to these exemptions. The amount of the reimbursement is presented in the account “intergovernmental revenue”.

All property tax revenues are based on property valuations and levy rates. The County is required to reappraise real property every six years and update the valuations every three years between the reappraisals. The last update was completed in 2008 for taxes collected in 2009. Property taxes are expected to decrease by \$87,000 due to the decline in the collection of the current levy and the phase out of the tangible personal property tax. Beginning in 2006, House Bill 66 began the phase out of the business tangible personal property tax.

The Township’s assessed values upon which property tax receipts were based for the current and last three years are as follows:

Class of Property	2006	2007	2008	2009
Real Property:				
Residential and Agriculture	\$614,272,940	\$617,138,630	\$618,348,220	\$619,829,050
Commercial and Industrial	308,642,040	311,326,360	327,769,700	319,095,180
Public Utility Personal Property	37,874,120	43,236,910	21,338,240	21,888,210
Tangible Personal Property	71,593,809	48,112,104	24,056,052	3,762,213
Total Assessed Value	<u>\$1,032,382,909</u>	<u>\$1,019,814,004</u>	<u>\$991,512,212</u>	<u>\$964,574,653</u>

The property tax revenues are generated from several levies. The levy type, the fund in which the proceeds are received, and the full tax rate are as follows:

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Levy Type	Fund	Original/ Renewal Year Approved	Last Year of Collection	Total Rate (Per \$1,000 of Assessed Valuation)
Inside Millage	General	n/a	n/a	\$0.93
Voted Levies:				
Operating	General	1976/2004	2009	3.20
Operating	General	1976/2006	2011	0.70
Operating	General	1981/2006	2011	3.00
Operating	General	1995/2005	2010	2.50
Total General Fund				10.33
Inside Millage	Road and Bridge	n/a	n/a	1.62
Voted Levies:				
Operating	Road Levy	1976/2004	2009	0.30
Operating	Police	1988	continuing	2.80
Operating	Police	2008	continuing	2.20
Total Non-General Fund				6.92
Total All Funds				\$17.25

Public Utility personal property taxes are collected and settled by the county at the same time as real estate taxes. Beginning in 2001, the Ohio General Assembly reduced the assessment rate for certain tangible personal property of electric and gas utilities from 88 percent to 25 percent. Starting in tax year 2005, the assessment rate for personal property owned by telephone utilities prior to 1995 was being phased down from 88 percent to 25 percent (in tax year 2007) over a three-year period.

Beginning in 2007, House Bill 66 switched telephone companies from being public utilities to general business taxpayers and began a four-year phase out of the tangible personal property. This change supersedes the changes and phase-out periods addressed above. No tangible personal property taxes will be levied or collected in 2010. Most new manufacturing machinery and equipment that would have been first taxable in tax year 2006 and thereafter will not be subject to any tangible personal property tax. The State of Ohio will reimburse the Township for the loss of tangible personal property taxes as a result of the changes in House Bill 66 within certain limitations (see Intergovernmental Revenue below).

B. Hotel/Motel Taxes

The Township collects a 3 percent tax on lodging. Based upon historical trends and accounting for the downturn in the economy, hotel/motel tax revenue is anticipated to decrease 10 percent from the prior three year average or approximately \$30,000 for 2009.

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C. Licenses, Permits, Fees and Fines

Licenses, Permits, Fees and Fines represent charges for various permits, licenses and fees to residents of the Township, the largest of which consist of zoning permits for construction along with court fines for traffic violations collected in the Mahoning County court system and remitted to the Township. Zoning permits are required when a building permit is not needed, but where planning staff must verify and approve how the site and associated development will be used. Although a building permit may not be required, construction must comply with the current building and zoning code standards. For 2009, a decrease of \$17,000 is anticipated, due to the significant drop in the housing and construction markets resulting in a decrease in zoning permits.

D. Cable Franchise Fees

Cable franchise fees include revenue received from Armstrong Cable for households having cable TV. Over the prior three years, cable franchise fee collections have been increasing 3 percent per year. This percentage increase is anticipated for 2009 which is an increase of approximately \$7,000.

E. Intergovernmental

Intergovernmental revenues include local government fund distributions, State allocations to offset the rollback and homestead tax relief programs, and allocations equivalent to the lost tangible personal property tax revenues. The local government funds are distributed monthly by the State to the County Auditor and from the County Auditor to the Township.

In 2006, the State began reimbursing the Township for lost revenue due to the phase out of tangible personal property tax. In tax years 2006 through 2010, the Township will be fully reimbursed relative to prior law for revenue lost due to the taxable value reductions prescribed by House Bill 66. In tax years 2011 through 2017, the reimbursements are phased out. The reimbursement will be made for the difference between the assessed values under prior law and the assessed values under House Bill 66. This means the Township is only reimbursed for the difference between the amounts that would have been received under the prior law and amounts actually received as the phase-outs in House Bill 66 are implemented. For 2009, the Township anticipates receiving \$919,000 in tangible personal property reimbursement revenue.

State law grants tax relief in the form of a ten percent reduction in real property tax bills. In addition, a two and one-half percent rollback is granted on residential property taxes. Tax relief is also granted to qualified elderly and disabled homeowners based on their income. The State reimburses the Township for the loss of real property taxes caused by the homestead and rollback tax relief programs.

The State exempted the first \$10,000 in personal property from taxation. The State reimbursed the Township for the lost revenue. Beginning with tax year 2004, the State began phasing out the reimbursement by 10 percent each year. Under House Bill 66, the phase-out period was accelerated. The last reimbursement for this exemption was in October 2008.

Section 503.12(B) of House Bill 66 (126th General Assembly) established a Task Force to study potential sources of State funding for the local government and the local government revenue assistance programs that have the capacity for growth and stability in the funding levels and that considers the changes to the Ohio tax code. House Bill 119 (127th General Assembly), extended the freeze on local government and local government revenue assistance funds through calendar year 2007 equal to the amounts funded during calendar year 2006. Beginning in calendar year 2008, the local government and the local government revenue assistance programs were consolidated into one local government fund. The forecast assumes local government revenue at a decrease of \$51,000 based on the local government funds distribution sheet provided by the Mahoning County Budget Commission. Tangible personal property tax reimbursement,

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homestead and rollback and the public utility tax loss reimbursements are expected to have an increase of \$292,000.

Beginning in tax collection year 2008, the State expanded the homestead exemption to allow eligible homeowners to shield the first \$25,000 in market value from taxation. This expanded exemption will increase State allocation revenue and decrease property tax revenues by an equal amount. An increase of \$6,000 has been included in intergovernmental revenues due to increased homestead and rollback reimbursements over 2008.

Estate tax is a State levied tax on the deceased's estate. The tax increases as the value of the estate increases, to a maximum of 7 percent for estates with a taxable value of over \$500,000. Estate tax varies greatly from year to year. Therefore, only what has been received to date is included in the forecast.

Other intergovernmental revenue consists primarily of liquor permits and cigarette tax. Based upon historical data, liquor permits and cigarette tax revenue will remain constant for 2009.

F. Interest

Interest for 2009 is anticipated to decrease from 2008 levels. The decrease of \$48,000 for 2009 is the overall drop in available cash to invest.

G. Other

Other revenue includes gifts and donations, rentals, employees' share of healthcare, refunds and reimbursements. A \$47,000 decrease is forecasted for 2009 due to the Township receiving a donation of \$27,000 along with additional reimbursements in 2008 for a green team grant and Risk Services of Ohio proceeds that are not anticipated in the current year.

Note 5 – Expenditure Assumptions

A. Personal Services

Personal services expenditures represent the salaries, wages and longevity paid to the employees, elected officials compensation and employer contributions to the State pension systems, health care benefits, life insurance, workers' compensation, unemployment compensation and other compensations and benefits arising from negotiated agreements. All employees receive their compensation on a bi-weekly basis.

The Board of Trustees, by resolution or negotiated agreements, sets the salary and hourly rates for employees. Elected officials compensation is set by State statute. The amounts forecasted for salaries and wages are based on the current pay rates and existing staff levels. Employee benefits are also based on existing rates and staff levels for the year. At the end of 2008, the general fund maintained 121 elected and appointed employees. As of the date of this forecast, the Township had 94 general fund elected and appointed employees. For 2009 with the passage of the special police and fire levies, the Township was able to pay 15 and 5 employees out of the special police levy and special fire levy special revenue funds, respectively. Effective for the first pay in October, the Township moved additional police and fire personnel from the general fund to eliminate the fund balance in those levy funds and to elevate the burden on the general fund.

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The Township has labor agreements with the Boardman Township Patrol Officer's Association and the Ohio Patrolmen's Benevolent Association (OPBA-Rank). These bargaining unit employees are currently under labor negotiations and are working under a contract that expired on December 31, 2008. All employees working under that contract received no increases in their salaries for 2009. The Township also has labor agreements with the American Federation of State, County and Municipal Employees (AFSCME) Local 2498, the Boardman Township Workers Association (TWA), the Ohio Patrolmen's Benevolent Association-Dispatchers Unit and the International Association of Firefighters (IAFF), AFL-CIO, Local 1176. The labor agreements for the American Federation of State, County and Municipal Employees (AFSCME) Local 2498 allow for a 1.75 percent increase for 2009. This labor agreement expires December 31, 2009. The labor agreements for the Boardman Township Workers Association (TWA) called for no increases for 2009. This labor agreement expires December 31, 2009. The labor agreements for the Ohio Patrolmen's Benevolent Association-Dispatchers Unit called for no increases for 2009. This labor agreement expires December 31, 2010. The International Association of Firefighters (IAFF), AFL-CIO, Local 1176 allows for 2.5 percent increases for 2009 and 2010; however, in May of 2008, this union passed a contract addendum calling for a two-year pay freeze. This labor agreement expires March 31, 2010. All non-bargaining unit employees received no wage increases in 2009.

The Township Trustees include three elected members and one full time administrative position. The Trustees are paid an annual salary.

The Township provides health care benefits for all full time employees and its three Township Trustees. Under this program, each fund and department is charged a monthly rate for each employee. The monthly rate also includes benefits for vision and dental. The monthly rates are as follows:

	2008	2009	2009
	Monthly	Monthly	General Fund
	Rate	Rate	Employee Count
Family	\$1,304	\$1,255	56
Employee/Spouse	N/A	969	22
Employee/Child	N/A	821	6
Single	450	432	10

The Township also provides life insurance, not included in the above monthly rate. Department heads receive \$50,000 of basic coverage, staff receives \$25,000 of basic coverage, and retired personnel with at least 20 years of service receive \$2,000 of coverage. The monthly rate ranges from \$8.75 to \$14.60, depending on age. Additional supplemental coverage may be purchased at the employee's expense.

All full-time employees, other than full-time police officers and firefighters, participate in the Ohio Public Employees Retirement System of Ohio (OPERS). OPERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. Employees are required to contribute 10 percent of their annual-covered salary and the employer contributes 14 percent of annual-covered salary.

All full-time police officers and firefighters contribute to the Ohio Police and Fire Pension Fund (OP&F). 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 by Chapter 742 of the Ohio Revised Code. Police and firefighters are required to contribute 10 percent of their annual-covered salary and the Township is required to contribute 19.5 percent for police and 24 percent for firefighters.

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Personal services are forecasted to decrease \$1,845,000. The decrease is due to salaries for police officers and dispatchers, clerical staff, a case worker, records staff, fire fighters and road personnel being shifted from the general fund to the special police levy, special fire levy and the road and bridge special revenue funds.

B. Other

Other expenditures consist of all non-personal services expenditures of the Township. These include utilities, professional services, property and casualty insurance, audit costs, office and building supplies, fuel for township vehicles, postage, etc. A few departments had large changes from the prior year. Administration increased \$39,000 due to ongoing labor contract negotiations with police. Townhalls, Memorial Buildings and Grounds increased \$11,000 from repairs and maintenance increases throughout the Township. Zoning is anticipating a \$9,000 decrease due to the overall reduction of zoning permits in the Township. Fire protection is increasing \$38,000 for repairs to the fire trucks and the reopening of Fire Stations 73 and 74. Public Works, Highways anticipates a \$35,000 decrease because of cleaning and repairs to retention ponds that occurred during 2008.

The Township anticipates spending \$97,000 more on capital expenditures for 2009. Capital expenditures consist of \$100,000 for roof repair to the administration and police building along with \$25,000 to replace a police vehicle, if needed. A concerted effort has been made by all departments to limit these expenditures. This effort will continue throughout the forecast period.

C. Transfers and Advances

The Township transfers and advances resources to various funds each year. Below are the transfers and advances for the last three years and the anticipated transfers/advances-out for 2009:

Transfers To	General Fund Transfers Out			
	Actual			Estimated
	2006	2007	2008	2009
Road and Bridge Fund	\$300,000	\$0	\$0	\$0
Police District Fund	600,000	760,000	0	0
Permissive Motor Vehicle Fund	0	90,000	0	0
Federal Law Enforcement Fund	1,000	0	0	0
Drug Abuse Resistance Fund	17,000	60,000	0	0
Capital Projects Fund	0	300,000	0	0
Employee Severance Fund	0	0	0	150,000
Debt Service Fund	0	0	0	3,030,000
Total	\$918,000	\$1,210,000	\$0	\$3,180,000

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Advances To	General Fund Advances Out			Estimated
	2006	Actual 2007	2008	2009
Road and Bridge Fund	\$350,000	\$110,000	\$0	\$0
Police District Fund	645,000	0	590,000	1,271,000
Lighting Assessments Fund	10,000	0	0	0
Employee Severance Fund	71,000	0	0	0
Mahoning County Recycling Fund	0	0	7,000	0
Total	\$1,076,000	\$110,000	\$597,000	\$1,271,000
Amount Repaid to the General Fund	1,076,000	0	348,000	836,000
Amount Owed to the General Fund	\$0	\$110,000	\$249,000	\$435,000

For 2007, the unpaid advances from the road and bridge fund to the general fund total \$110,000. If the Township is unable to repay the advances in 2010, the total unpaid advances will be reclassified as a transfer in 2010. The reclassification of the advances will not increase the Township's deficit in the general fund; however, it will reduce the amount of resources available for general fund purposes in 2010.

D. - Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The estimated encumbrances at year-end are based on the average of the three prior years.

E. Pending Litigation

The Township is a party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The Township's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the Township for 2009.

Note 6 - Other Funds

The Township has numerous other funds that account for resources that are restricted for specific purposes. The vast majority of these funds are anticipated to have sufficient resources to meet their obligations during the forecasted period. In addition, there are certain funds that annually rely upon a subsidy from the general fund to meet their obligations. These subsidies are reported as transfers out and have been addressed in Note 6C.

The police district fund has expenditures that exceed revenues. The fund receives proceeds from a 2.8 mill property tax levy and fines and permits which are used to pay for police pension, Medicare, life insurance, workers' compensation, uniform reimbursements, supplies and utilities. This fund also has received transfers and advances from the general fund (see Note 6C). For 2006 through 2008, there are unpaid advances from the general fund of \$249,000. For 2009, the police district fund anticipates advances from the general fund in the amount of \$1,271,000. The Township anticipates repaying \$836,000 in the current year and the remaining \$435,000 in 2010. If the Township is unable to repay the advances in 2010, the total unpaid advances of \$684,000 will be reclassified as a transfer in 2010. The reclassification of the advances will not increase the Township's deficit in the general fund; however, it will reduce the amount of resources available for general fund purposes in 2010.

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The following is the forecasted 2009 income statement for the special police and fire levy and the police district special revenue funds:

	Special Police Levy	Special Fire Levy	Police District
Revenues			
Property Taxes	\$1,194,000	\$676,000	\$1,454,000
Licenses, Permits, Fees and Fines	5,000	0	82,000
Intergovernmental:			
Property Tax Allocation	154,000	83,000	436,000
Other	0	0	100,000
Total Revenues	1,353,000	759,000	2,072,000
Expenditures			
Public Safety			
Personal Services	1,327,000	744,000	1,935,000
Other	26,000	15,000	572,000
Total Expenditures	1,353,000	759,000	2,507,000
<i>Excess of Revenues Over (Under) Expenditures</i>	0	0	(435,000)
Other Financing Sources (Uses)			
Advances In	0	0	1,271,000
Advances Out	0	0	(836,000)
Total Other Financing Sources (Uses)	0	0	435,000
<i>Net Change in Fund Balance</i>	0	0	0
Cash Balance, January 1	0	0	0
Cash Balance, December 31	\$0	\$0	\$0



Mary Taylor, CPA
Auditor of State

BOARDMAN TOWNSHIP

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 22, 2009**