



Dave Yost • Auditor of State

**CANFIELD TOWNSHIP
MAHONING COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Statement of Net Assets - Cash Basis - December 31, 2010.....	9
Statement of Activities - Cash Basis – for the Year Ended December 31, 2010.....	10
Statement of Assets and Fund Balances – Cash Basis - Governmental Funds - December 31, 2010.....	11
Statement of Receipts, Disbursements, and Changes in Fund Balances – Cash Basis - Governmental Funds – For the Year Ended December 31, 2010.....	12
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis - General Fund – For the Year Ended December 31, 2010.....	13
Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget and Actual – Budget Basis - Road District Fund – December 31, 2010	14
Notes to the Basic Financial Statements	15
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	33

THIS PAGE INTENTIONALLY LEFT BLANK.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Canfield Township
Mahoning County
21 South Broad Street
Canfield, Ohio 44406

To the Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Canfield Township, Mahoning County, Ohio (the "Township"), as of and for the year ended December 31, 2010, 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(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As discussed in Note 2, 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, each major fund, and the aggregate remaining fund information of Canfield Township, Mahoning County, Ohio, as of December 31, 2010, and the respective changes in cash financial position, thereof and the respective budgetary comparison for the General and Road District Funds thereof for the year then ended in conformity with the accounting basis Note 2 describes.

As described in Note 2, during 2010 the Township adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2012, 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.

We conducted our audit to opine on the Township's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets, governmental activities and long-term debt. These tables provide additional information, but are not part of the basic financial statements. However these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.



Dave Yost
Auditor of State

July 31, 2012

Canfield Township
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

This discussion and analysis of Canfield Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2010, 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 2010 are as follows:

The Township's general receipts are primarily property and other local taxes, which represent about 51 percent of the total cash received for governmental activities during the year. Property and other local tax receipts for 2010 were \$910,942 compared to \$959,327 in 2009, a decrease of \$48,385.

The net assets of governmental activities decreased significantly from the prior year by \$170,074 and would have been greater if not for the Estate Tax of \$255,876 applied to the General Fund. Two capital improvement projects at the Parkland on Herbert Road have contributed to the net decrease of cash assets. The athletic field project was finalized in the fall of 2010. Final payment has been made and the athletic fields are now released. The multi-purpose building has been completed, but as of December 31, 2010, the final paperwork has not been received to finalized payment for the project.

The General Fund subsidized the Road Funds by \$150,000, which represents an increase of \$35,000 in spending over 2009. The increase was due to the severe winter weather in the first quarter along with repairs to equipment.

The General Fund subsidized the Zoning Department by \$21,000, which represents about 25% of its budget. Zoning continues to be a challenge due to the slow economy and an overall lack of commercial construction. Some general expenses were paid from the General Fund, so reflected in the official minutes. In the last quarter of 2010, the Board purchased a new vehicle from the General Fund that will be used by the Zoning Inspector and other Township employees and Elected Officials. The Board hopes that this vehicle will reduce expenses to the Township.

For police protection, the Township contracts with the Mahoning County Sheriff's Department. The contract remained the same as 2009.

Using the Basic Financial Statements

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

Canfield Township
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

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. Canfield 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.

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

Reporting the Government as a Whole

The Statement of Net Assets and the Statement of Activities reflect how the Township did financially during 2010, within the limitations of cash basis accounting. The Statement of Net Assets presents the cash balances and investments of the governmental activities of the Township at year end. The Statement of Activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Township's general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the 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 extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

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 fire, streets and parks. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity. Canfield Township has no business-type activity.

Canfield Township
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

Reporting the Government's Most Significant Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate 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 non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Road District Fund, and the Public Works Project Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide 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 no enterprise fund. When the services are provided to other departments of the Township, the service is reported as an internal service fund. The Township does not have an internal service fund.

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. The Township does not have any Fiduciary Funds.

The Government as a Whole

Table 1 provides a summary of the Township's net assets for 2010 compared to 2009 on a cash basis:

	Governmental Activities	
	2010	2009
Assets		
Cash and Cash Equivalents	\$2,272,539	\$3,406,587
Investments	1,505,703	541,729
Total Assets	\$3,778,242	\$3,948,316
Net Assets		
Restricted for:		
Other Purposes	517,179	438,917
Unrestricted	3,261,063	3,509,399
Total Net Assets	\$3,778,242	\$3,948,316

As mentioned previously, the net assets of governmental activities decreased by \$170,074. The primary reasons contributing to the decrease in cash balances are as follows:

- The Township spent \$156,400 on improvements to the Parkland.

Canfield Township
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

Table 2 reflects the changes in net assets on a cash basis in 2010 and 2009 for governmental activities.

	Changes in Net Assets	
	Governmental Activities	
	<u>2010</u>	<u>2009</u>
Receipts:		
Program Receipts:		
Charges for Services and Sales	92,725	80,043
Operating Grants and Contributions	216,599	197,677
Capital Grants and Contributions	<u>122,214</u>	<u>61,337</u>
Total Program Receipts	<u>431,538</u>	<u>339,057</u>
General Receipts:		
Property and Other Local Taxes	910,942	959,327
Intergovernmental	336,169	178,478
Earnings on Investments	33,646	92,816
Miscellaneous	<u>74,572</u>	<u>277,883</u>
Total General Receipts	<u>1,355,329</u>	<u>1,508,504</u>
Total Receipts	<u>1,786,867</u>	<u>1,847,561</u>
Disbursements:		
General Government	410,147	524,695
Public Safety	225,395	259,576
Public Works	608,543	622,386
Health	85,445	94,232
Conservation-Recreation	39,371	
Capital Outlay	408,135	424,851
Debt Service		
Principal Retirement	103,679	98,996
Interest and Fiscal Charges	30,133	34,815
Other	<u>46,093</u>	<u>37,874</u>
Total Disbursements	<u>1,956,941</u>	<u>2,097,425</u>
Excess (Deficiency) Before Transfers	<u>(170,074)</u>	<u>(249,864)</u>
Increase (Decrease) in Net Assets	<u>(170,074)</u>	<u>(249,864)</u>
Net Assets, January 1, 2010	<u>3,948,316</u>	<u>4,198,180</u>
Net Assets, December 31, 2010	<u>\$3,778,242</u>	<u>\$3,948,316</u>

Program receipts represent 24 percent of total receipts comprised of restricted intergovernmental receipts such as motor vehicle license tax and gasoline tax money.

General receipts represent 76 percent of the Township's total receipts. Other receipts are insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the Board of Trustees, and the Fiscal Officer. Since these costs do not represent direct services to residents, we try to limit these costs. Public Safety are the costs of police, Health are the costs for the health department and Public Works is the cost of maintaining the roads.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general government, public safety, and public works, which represent 64 percent of all governmental disbursements. General government represents a significant cost of approximately 21 percent. The next three columns of the Statement entitled "Program Cash 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.

Canfield Township
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

A comparison between the total cost of services and the net cost is presented in Table 3.

	Total Cost Of Services 2010	Net Cost Of Services 2010
	<u>2010</u>	<u>2010</u>
General Government	\$410,147	\$332,253
Public Safety	225,395	225,395
Public Works	608,543	269,730
Health	85,445	70,614
Conservation-Recreation	39,371	39,371
Other	46,093	46,093
Capital Outlay	408,135	408,135
Debt Service:		
Principal Retirement	103,679	103,679
Interest and Fiscal Charges	30,133	30,133
Total Expenses	<u>\$1,956,941</u>	<u>\$1,525,403</u>

The dependence upon property and other local tax receipts is apparent as over 47% of governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$1,786,866 and disbursements of \$1,910,847. The greatest change within governmental funds occurred in the General Fund, where the balances decreased from \$3,509,400 to \$3,261,314.

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 2010, the Township amended its General Fund budget once to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts due to unexpected estate tax of \$255,876.

The Township had four Issue 1 projects on the books, but only two completed by end of year (Indian Run Phase 3 and Pleasant Valley). Projects that were started, but not completed were Indian Run Phase 4 and Killdeer. The Township did complete the road resurfacing program and the Multi-Purpose Building in 2010.

Capital Assets and Debt Administration

Capital Assets

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

Debt

On December 31, 2010, the Township had outstanding debt of \$502,568. For further information regarding the Township's debt, refer to Note 10 to the basic financial statements.

Canfield Township
Management's Discussion and Analysis
For the Year Ended December 31, 2010
Unaudited

Current Issues

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. The Board has reviewed the disbursement history of the Township.

Our newly prepared financial forecast continues to predict deficit spending in the Road Fund. This is a situation that has existed for several years as the fund becomes more accountable for its own expenses.

The Board is concerned with low permit volume but anticipates that construction of single family units will begin again as well as commercial construction. The Board is aware that the Zoning Department needs to be closely watched. Cost for permits has already been increased, but at this time there are no areas that can be reduced.

The Board implemented the Bed Tax, which is being used to pay on the Parkland debt. Payments on the debt were doubled and have continued to reduce the debt.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Carmen I. Heasley, Fiscal Officer, Canfield Township, Mahoning County, at 21 South Broad St., Canfield, Ohio 44406 – 330-533-4239.

Canfield Township
Mahoning County
Statement of Net Assets - Cash Basis
December 31, 2010

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$2,272,539
Investments	<u>1,505,703</u>
<i>Total Assets</i>	<u><u>\$3,778,242</u></u>
Net Assets	
Restricted for:	
Other Purposes	517,179
Unrestricted	<u>3,261,063</u>
<i>Total Net Assets</i>	<u><u>\$3,778,242</u></u>

See accompanying notes to the basic financial statements

Canfield Township
Mahoning County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2010

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental Activities						
General Government	\$410,147	\$77,894			(\$332,253)	(\$332,253)
Public Safety	225,395				(225,395)	(225,395)
Public Works	608,543		216,599	122,214	(269,730)	(269,730)
Health	85,445	14,831			(70,614)	(70,614)
Other	46,093				(46,093)	(46,093)
Conservation-Recreation	39,371				(39,371)	(39,371)
Capital Outlay	408,135				(408,135)	(408,135)
Debt Service:						
Principal Retirement	103,679				(103,679)	(103,679)
Interest and Fiscal Charges	30,133				(30,133)	(30,133)
<i>Total Governmental Activities</i>	<u>1,956,941</u>	<u>92,725</u>	<u>216,599</u>	<u>122,214</u>	<u>(1,525,403)</u>	<u>(1,525,403)</u>
		General Receipts				
		Property Taxes Levied for:				
		General Purposes			714,609	714,609
		Other Taxes			196,333	196,333
		Grants and Entitlements not Restricted to Specific Programs			336,169	336,169
		Interest			33,646	33,646
		Miscellaneous			74,572	74,572
		<i>Total General Receipts</i>			<u>1,355,329</u>	<u>1,355,329</u>
		Change in Net Assets			(170,074)	(170,074)
		<i>Net Assets Beginning of Year</i>			<u>3,948,316</u>	<u>3,948,316</u>
		<i>Net Assets End of Year</i>			<u>\$3,778,242</u>	<u>\$3,778,242</u>

See accompanying notes to the basic financial statements

Canfield Township
Mahoning County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2010

	General	Road District	Public Works Project	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$1,755,611	\$70,849	\$0	\$446,079	\$2,272,539
Investments	1,505,703				1,505,703
<i>Total Assets</i>	<u>\$3,261,314</u>	<u>\$70,849</u>	<u>\$0</u>	<u>\$446,079</u>	<u>\$3,778,242</u>
Fund Balances					
Restricted for:					
Recycling Grants				27,356	27,356
Levied Operations of Lights				92,549	92,549
Zoning Permits				13,228	13,228
Road Maintenance		70,849		49,850	120,699
Fire Operations				101,291	101,291
Recreation Programs				119,036	119,036
Cemetery				42,769	42,769
Unassigned (Deficit)	3,261,314			0	3,261,314
<i>Total Fund Balances</i>	<u>\$3,261,314</u>	<u>\$70,849</u>	<u>\$0</u>	<u>\$446,079</u>	<u>\$3,778,242</u>

See accompanying notes to the basic financial statements

Canfield Township
Mahoning County
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2010

	General	Road District	Public Works Project	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$617,660	\$135,031		\$77,362	\$830,053
Licenses, Permits and Fees				84,825	84,825
Intergovernmental	392,346	18,375	122,214	156,309	689,244
Special Assessments				66,626	66,626
Interest	33,242			404	33,646
Other	72,512	1,554		8,406	82,472
<i>Total Receipts</i>	<u>1,115,760</u>	<u>154,960</u>	<u>122,214</u>	<u>393,932</u>	<u>1,786,866</u>
Disbursements					
Current:					
General Government	323,089			87,057	410,146
Public Safety	222,835			2,560	225,395
Public Works	18,622	272,400		317,521	608,543
Health	84,763			682	85,445
Conservation-Recreation	39,371				39,371
Capital Outlay	184,126		224,009	0	408,135
Debt Service:					
Principal Retirement	106,057				106,057
Interest and Fiscal Charges	27,755				27,755
<i>Total Disbursements</i>	<u>1,006,618</u>	<u>272,400</u>	<u>224,009</u>	<u>407,820</u>	<u>1,910,847</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>109,142</u>	<u>(117,440)</u>	<u>(101,795)</u>	<u>(13,888)</u>	<u>(123,981)</u>
Other Financing Sources (Uses)					
Transfers In		150,000	101,795	59,340	311,135
Transfers Out	(311,135)				(311,135)
Advances In	50,742	0		50,742	101,484
Advances Out	(50,742)	0		(50,742)	(101,484)
Other Financing Uses	(46,093)				(46,093)
<i>Total Other Financing Sources (Uses)</i>	<u>(357,228)</u>	<u>150,000</u>	<u>101,795</u>	<u>59,340</u>	<u>(46,093)</u>
<i>Net Change in Fund Balances</i>	<u>(248,086)</u>	<u>32,560</u>	<u>0</u>	<u>45,452</u>	<u>(170,074)</u>
<i>Fund Balances Beginning of Year</i>	<u>3,509,400</u>	<u>38,289</u>	<u>0</u>	<u>400,627</u>	<u>3,948,316</u>
<i>Fund Balances End of Year</i>	<u>\$3,261,314</u>	<u>\$70,849</u>	<u>\$0</u>	<u>\$446,079</u>	<u>\$3,778,242</u>

See accompanying notes to the basic financial statements

**Canfield Township
Mahoning County**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2010*

	Budgeted Amounts			(Optional) Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$535,151	\$498,452	\$617,660	\$119,208
Intergovernmental	339,934	316,623	392,346	75,723
Interest	28,801	26,826	33,242	6,416
Other	62,826	58,518	72,512	13,994
<i>Total receipts</i>	<u>966,712</u>	<u>900,419</u>	<u>1,115,760</u>	<u>215,341</u>
Disbursements				
Current:				
General Government	575,350	575,350	323,089	252,261
Public Safety	265,000	265,000	222,835	42,165
Public Works	91,500	91,500	18,622	72,878
Health	100,000	100,000	84,763	15,237
Conservation-Recreation	175,000	175,000	39,371	135,629
Capital Outlay	555,000	555,000	184,126	370,874
Debt Service:				
Principal Retirement	120,465	100,854	106,057	(5,203)
Interest and Fiscal Charges	13,346	32,951	27,755	5,196
<i>Total Disbursements</i>	<u>1,895,661</u>	<u>1,895,655</u>	<u>1,006,618</u>	<u>889,037</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(928,949)</u>	<u>(995,236)</u>	<u>109,142</u>	<u>1,104,378</u>
Other Financing Sources (Uses)				
Transfers Out	(600,000)	(600,000)	(311,135)	288,865
Advances In			50,742	50,742
Advances Out	(100,000)	(100,000)	(50,742)	49,258
Other Financing Uses	(50,000)	(50,000)	(46,093)	3,907
<i>Total Other Financing Sources (Uses)</i>	<u>(750,000)</u>	<u>(750,000)</u>	<u>(357,228)</u>	<u>392,772</u>
<i>Net Change in Fund Balance</i>	(1,678,949)	(1,745,236)	(248,086)	1,497,150
<i>Fund Balance Beginning of Year</i>	<u>3,509,400</u>	<u>3,509,400</u>	<u>3,509,400</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$1,830,451</u></u>	<u><u>\$1,764,164</u></u>	<u><u>\$3,261,314</u></u>	<u><u>\$1,497,150</u></u>

See accompanying notes to the basic financial statements

Canfield Township
Mahoning County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road District Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$101,042	\$253,514	\$135,031	(\$118,483)
Intergovernmental	13,750	34,498	18,375	(16,123)
Other	1,163	2,918	1,554	(1,364)
<i>Total receipts</i>	<u>115,955</u>	<u>290,930</u>	<u>154,960</u>	<u>(135,970)</u>
Disbursements				
Current:				
Public Works	322,575	330,129	272,400	57,729
Capital Outlay	150,000	0	0	0
<i>Total Disbursements</i>	<u>472,575</u>	<u>330,129</u>	<u>272,400</u>	<u>57,729</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(356,620)</u>	<u>(39,199)</u>	<u>(117,440)</u>	<u>(78,241)</u>
Other Financing Sources (Uses)				
Transfers In	286,000	150,000	150,000	0
<i>Total Other Financing Sources (Uses)</i>	<u>286,000</u>	<u>150,000</u>	<u>150,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(70,620)	110,801	32,560	(78,241)
<i>Fund Balance Beginning of Year</i>	<u>38,289</u>	<u>38,289</u>	<u>38,289</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>(\$32,331)</u>	<u>\$149,090</u>	<u>\$70,849</u>	<u>(\$78,241)</u>

See accompanying notes to the basic financial statements

Note 1 – Reporting Entity

Canfield Township, Mahoning County, Ohio (the “Township”), is a body politic and corporate established in 1798 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected three-member Board of Trustees directs the Township. The Township also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government. There are no component units or other organizations that are included in the financial statements that can be misleading.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. A joint fire district exists without involvement from the Township or City which provides for fire protection. The Mahoning County Sheriff’s Department provides police protection by yearly contract.

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. Component units may also include organizations for which the Township authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on 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 the Basis of Accounting section of this Note, 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, 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. Following are the more significant of the Township’s accounting policies.

Note 2 – Summary of Significant Accounting Policies (continued)

Basis of Presentation

The Township's basic financial statements consist of government-wide financial statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements The Statement of Net 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 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. The Township has no Business-type activities.

The Statement of Net Assets presents the cash balances of the governmental activities of the Township at year-end. The Statement of Activities compares disbursements with program receipts for each of the Township's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function 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. Fiduciary funds are reported by type. The Township has no Fiduciary Funds.

Proprietary fund statements distinguish operating transactions from non operating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The Township has no Proprietary Funds.

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.

Note 2 – Summary of Significant Accounting Policies (continued)

Governmental Funds The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following are the Township's major governmental funds:

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

Road District Fund The road district fund accounts for and reports property tax committed for the construction, reconstruction, resurfacing and repair of Township roads.

Public Works Project Fund The road public works project fund accounts for and reports Issue I and II grant money committed for construction projects throughout the Township.

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 does not have an enterprise fund.

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 does not have an internal service fund.

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 has no pension trust funds, investment trust or private purpose trust funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township has no Agency Funds.

Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Township's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Township are described in the appropriate section in this note.

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

Note 2 – Summary of Significant Accounting Policies (continued)

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 resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

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

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

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

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 of the cash management pool and investments with an original maturity of three months or less at the time of purchase 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 (contra revenue), respectively.

During 2010, the Township invested in nonnegotiable certificates of deposit, a money market/sweep account, and STAR Ohio. The nonnegotiable certificates of deposit and money market/sweep account are reported at cost.

Note 2 – Summary of Significant Accounting Policies (continued)

STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on December 31, 2010.

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 2010 were \$33,646, which includes \$404 assigned from other Township funds.

Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets are comprised of those fund balances in the Township’s major funds and other funds, excluding the General Fund. Those assets are restricted for use within the respective funds. The total restricted amount for all funds under these constraints was \$516,928.

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.

Capital Assets

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

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.

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.

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.

Note 2 – Summary of Significant Accounting Policies (continued)

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 other financing source nor capital outlay expenditure are reported at inception. Lease payments are reported when paid.

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 recycling and road improvements and maintenance.

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.

Fund Balance Reserves

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. The Township does not have any nonspendable fund balances.

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Township's Board of Trustees (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the Township Board of Trustees removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The Township does not have any committed fund balances.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the Township for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General fund, assigned amounts represent intended uses established by policies of the Township Board of Trustees, which includes giving the Fiscal Officer the authority to constrain monies for intended purposes. The Township does not have any assigned fund balances.

Note 2 – Summary of Significant Accounting Policies (continued)

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts. The Township has no business-type activities.

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 – Change in Accounting Principle and Restatement of Net Assets/Fund Equity

For 2010, the Township implemented Governmental Accounting Standard Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.” GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on fund balances of the major governmental funds and all other governmental funds as previously reported.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General fund and Road District fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances, which are treated as disbursements (budgetary basis) rather than as restricted, committed, or assigned fund balance (cash basis). The Township has no encumbrances outstanding at year-end. The Township had no outstanding advances at year-end.

Note 5 – Deposits and Investments

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

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

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

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

Interim monies held by the Township can be deposited or invested in accordance with the Township's investment policy established in August of 2009:

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

Canfield Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 5 – Deposits and Investments (continued)

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the clerk/treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

At year end, the Township had no un-deposited cash on hand.

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$2,102,171 of the Township's bank balance of \$2,352,171 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

As of December 31, 2010, the Township had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>
18 Month CD	\$ 501,386	2/27/12
24 Month CD	\$ 501,752	8/27/2012
36 Month CD	\$ 502,130	8/27/2013
STAR OHIO	\$ 435	NONE
Total Portfolio	\$1,505,703	

Canfield Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 5 – Deposits and Investments (continued)

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less than 1	1-2	3-5	More than 5
Certificates of Deposit	1,505,268		1,003,138	502,130	
STAR Ohio	435	435			
Total Investments	\$1,505,703	\$435	\$1,003,138	\$502,130	\$0

Credit Risk STAR Ohio carries a rating of AAAM by Standard and Poor’s. The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

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

The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, “Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee.”

Concentration of Credit Risk The Township places no limit on the amount it may invest in any one issuer. The following investments represent five percent or more of total investments as of December 31, 2010:

Investment Issuer	Percentage of Investments
Certificates of Deposit	99.00 %
STAR Ohio	1.00

Note 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2010 represent the collection of 2009 taxes.

2010 real property taxes are levied after October 1, 2010, on the assessed values as of January 1, 2010, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2010 real property taxes are collected in and intended to finance 2011.

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.

Canfield Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 6 – Property Taxes (continued)

Public utility personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2010 public utility property taxes which became a lien December 31, 2009, are levied after October 1, 2010, and are collected in 2010 with real property taxes.

Tangible personal property tax receipts received in 2010 (other than public utility property) represent the collection of 2009 taxes. Tangible personal property taxes received in 2010 were levied after October 1, 2009, on the true value as of December 31, 2009. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 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, 2010, was \$2.65 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2010 property tax receipts were based are as follows:

Real Property:	
Residential/ Agriculture	\$253,993,300
Commercial/Industrial/Mineral	38,816,610
Public Utility/Personal Property	5,014,070
Tangible Personal Property	<u>182,085</u>
Total Assessed Value	<u><u>\$298,006,065</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

Canfield Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 7 – Risk Management

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. 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 and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2010, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge OTARMA’s primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

OTARMA’s financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Assets	\$35,855,252	\$38,982,088
Liabilities	<u>(10,664,724)</u>	<u>(12,880,766)</u>
Net Assets	<u>\$25,190,528</u>	<u>\$26,101,322</u>

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$9.9 and \$12.0 million of estimated incurred claims payable. The assets above also include approximately \$9.5 and \$11.5 million of unpaid claims to be billed to approximately 940 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Township’s share of these unpaid claims collectible in future years is approximately \$11,000.

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

Canfield Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 7 – Risk Management (continued)

<u>Contributions to OTARMA</u>	
<u>2010</u>	<u>2009</u>
\$13,807	\$12,169

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

Note 8 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Plan Description – The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan 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. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, 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 Pension 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. Interested parties may obtain a copy 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 Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set in the Ohio Revised Code, are not to exceed 10 percent. For the year ended December 31, 2010, members in state and local classifications contributed 10 percent of covered payroll. Members in the state and local divisions may participate in all three plans. For 2010, member and employer contribution rates were consistent across all three plans.

The Township's 2010 contribution rate was 14 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

Note 8 – Defined Benefit Pension Plans (continued)

Employer contribution rates are actuarially determined.

The Township's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2010, 2009, and 2008 were \$69,478, \$102,996, and \$112,386. The full amount has been contributed for 2010, 2009 and 2008. Neither the Township or its plan members made contributions to the Member-Directed Plan for 2010.

Note 9 – Post-Employment Benefits

Ohio Public Employees Retirement System

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

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

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

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate of 14 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

Note 9 – Post-Employment Benefits (continued)

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and 5 percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Township's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009, and 2008 were \$18,655, \$43,225, and \$38,784. The full amount has been contributed for 2010, 2009 and 2008.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

Medical Health and other Insurance

The Township pays for the full cost of medical health insurance, life insurance, dental, eye care, AD&H and cancer insurance policies for all employees and elected officials. The cost of these policies in 2010 was approximately \$84,728. The elected officials' and non bargaining unit employees' medical health insurance has a higher deductible to lower the cost, by using a third party administrator to match bargaining unit benefits. Total exposure liability to the Township is approximately \$1,000 for single, \$3,000 for family coverage per employee.

Canfield Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 10 – Debt

Debt Issue	Rate	Issue Amount	Date of Maturity
2007 Farmer's National Bank Promissory Note	4.92%	\$856,000	September 30, 2015

The Township's long-term debt activity for the year ended December 31, 2010, was as follows:

	Amount Outstanding 12/31/2009	Additions	Reductions	Amount Outstanding 12/31/2010	Amounts Due In One Year
<u>Governmental Activities</u>					
Farmers National Bank Promissory Note 2006 Issue	\$ 608,625	\$ 0	\$ 106,057	\$ 502,568	\$ 106,787

The promissory note was issued on August 15, 2006 for the purchase of parkland on Herbert Road and is supported by the full faith and credit of the Township and is payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principle and interest payments. All note proceeds had been spent by December 31, 2006. The Board passed a resolution to double payments until further notice. Both payments in 2010 were doubled.

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

Year	Promissory Note	
	Principal	Interest
2011	106,787	24,834
2012	114,339	19,472
2013	119,964	13,847
2014	125,867	7,954
2015	35,611	1,752
Totals	<u>\$502,568</u>	<u>\$67,859</u>

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

Canfield Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2010

Note 11 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Township is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Road District	Public Works Project	Other Governmental Funds	Total
Restricted for					
Recycling Grants				\$27,356	\$27,356
Levied Operations of Lights				92,549	92,549
Zoning Permits				13,228	13,228
Road Maintenance		\$70,849		49,850	120,699
Fire Operations				101,291	101,291
Recreation Programs				119,036	119,036
Cemetery				42,769	42,769
<i>Total Restricted</i>	<u>0</u>	<u>70,849</u>	<u>0</u>	<u>446,079</u>	<u>516,928</u>
Unassigned (Deficit)	<u>\$3,261,314</u>				<u>3,261,314</u>
<i>Total Fund Balances</i>	<u><u>\$3,261,314</u></u>	<u><u>\$70,849</u></u>	<u><u>\$0</u></u>	<u><u>\$446,079</u></u>	<u><u>\$3,778,242</u></u>

Note 12 – Interfund Transfers

During 2010 the following transfers were made:

Transfers from the General Fund to:	
Major Governmental Fund (Road Fund)	\$150,000
Other Governmental Funds	<u>\$161,135</u>
Total Transfers from the General Fund	<u><u>\$311,135</u></u>

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

Note 13– Contingent Liabilities

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

THIS PAGE INTENTIONALLY LEFT BLANK.



Dave Yost • Auditor of State

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

Canfield Township
Mahoning County
21 South Broad Street
Canfield, Ohio 44406

To the Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Canfield Township, Mahoning County, (the "Township") as of and for the year ended December 31, 2010, which collectively comprise the Township's basic financial statements, and have issued our report thereon dated July 31, 2012 wherein we noted 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(A) mandates 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

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 matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated July 31, 2012.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

July 31, 2012



Dave Yost • Auditor of State

CANFIELD TOWNSHIP

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 6, 2012**