



**Auditor of State  
Betty Montgomery**





Mary Taylor, CPA  
Auditor of State

January 12, 2007

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 8, 2007. Thus, I am certifying this audit report for release under the signature of my predecessor.

*Mary Taylor*

MARY TAYLOR, CPA  
Auditor of State

**This Page is Intentionally Left Blank.**

**BEAVER TOWNSHIP  
MAHONING COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Statement of Net Assets – Cash Basis .....	10
Statement of Activities – Cash Basis .....	11
Statement of Cash Basis Assets and Fund Balances - Governmental Funds.....	12
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances - Governmental Funds .....	13
Statement of Receipts, Disbursements and Changes In Fund Balances – Budget and Actual - Budget Basis - General Fund .....	14
Statement of Receipts, Disbursements and Changes In Fund Balances – Budget and Actual - Budget Basis – Fire District Fund .....	15
Statement of Receipts, Disbursements and Changes In Fund Balances – Budget and Actual - Budget Basis – Police District Fund .....	16
Statement of Receipts, Disbursements and Changes In Fund Balances – Budget and Actual - Budget Basis – Road and Bridge Fund .....	17
Notes to the Basic Financial Statements .....	19
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.**



## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

Beaver Township  
Mahoning County  
11999 South Avenue  
PO Box 598  
North Lima, Ohio 44452-0598

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Beaver Township, Mahoning County, Ohio (the Township), as of and for the year ended December 31, 2005, 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. We believe our audit provides a reasonable basis for our opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Berlin Township, Mahoning County, Ohio, as of December 31, 2005, and the respective changes in cash financial position and the respective budgetary comparison for the General and Fire District, Police District and Road and Bridge Funds thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

For the year ended December 31, 2005, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2006, 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.

Voinovich Government Center / 242 Federal Plaza W. / Suite 302 / Youngstown, OH 44503  
Telephone: (330) 797-9900 (800) 443-9271 Fax: (330) 797-9949  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

October 5, 2006



Beaver Township  
Management's Discussion and Analysis  
For the Year Ended December 31, 2005  
Unaudited

---

This discussion and analysis of the Beaver Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2005, 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 2005 are as follows:

Net assets of governmental activities decreased \$29,867, or 1.53% percent, a small change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the General Fund.

The Township's general receipts are primarily property taxes, with grants and entitlements fluctuating year to year. The general receipts represent respectively \$2,153,728 and 78.32% percent of the total cash received for governmental activities during the year. Property tax receipts for 2005 increased \$61,408 compared to 2004 as development within the Township has grown.

The Township received a significant FEMA SCBA Grant with assistance of the Western Reserve Joint Fire District. The grant of \$132,611 enabled the Township to purchase 30 SCBA air pack units for our fire fighters. The Township was responsible for 10% of the purchase.

The residents of the Township passed a 5 Year 1.9 Mills Renewal Levy for the benefit of Current Expenses at the General Election in November.

**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.

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.

Beaver Township  
Management's Discussion and Analysis  
For the Year Ended December 31, 2005  
Unaudited

---

**Basis of Accounting**

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

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 Township as a Whole**

The statement of net assets and the statement of activities reflect how the Township did financially during 2005, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Township at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Township's general receipts. The Township has no business-type activities.

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

Business-type activity. The Township has no business-type activities.

Beaver Township  
Management's Discussion and Analysis  
For the Year Ended December 31, 2005  
Unaudited

---

**Reporting the Township's Most Significant Funds**

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate 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, Fire District Fund, Police District Fund and the Road & Bridge Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Proprietary Funds – When the Township charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Township has no such funds.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. The Township has no such funds.

**The Township as a Whole**

Table 1 provides a summary of the Township's net assets for 2005 compared to 2004 on a cash basis:

(Table 1)  
**Net Assets**

	Governmental Activities	
	2005	2004
<b>Assets</b>		
Cash and Cash Equivalents	\$1,927,754	\$1,957,621
Total Assets	\$1,927,754	\$1,957,621
<b>Net Assets</b>		
Restricted for:		
Other Purposes	\$703,647	\$694,182
Unrestricted	\$1,224,107	\$1,263,439
Total Net Assets	\$1,927,754	\$1,957,621

Beaver Township  
Management's Discussion and Analysis  
For the Year Ended December 31, 2005  
Unaudited

As mentioned previously, net assets of governmental activities decreased \$ 29,867 or 1.53% percent during 2005. The primary reasons contributing to the decreases in cash balances were increased salary and benefit costs, coupled with capital outlays in various departments.

Table 2 reflects the changes in net assets in 2005. Since the Government did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

(Table 2)  
**Changes in Net Assets**

	Governmental Activities 2005
Receipts:	
Program Receipts:	
Charges for Services and Sales	\$224,826
Operating Grants and Contributions	234,564
Capital Grants and Contributions	136,549
Total Program Receipts	595,939
General Receipts:	
Property and Other Local Taxes	1,585,189
Other Taxes	45,376
Grants and Entitlements Not Restricted to Specific Programs	460,821
Sale of Capital Assets	23,859
Interest	31,866
Miscellaneous	6,617
Total General Receipts	2,153,728
Total Receipts	2,749,667
Disbursements:	
General Government	484,449
Public Safety	1,484,641
Public Works	223,150
Health	39,842
Conservation-Recreation	29,960
Capital Outlay	420,964
Other-Recycle	11,229
Debt Service	85,301
Rounding	(2)
Total Disbursements	2,779,534
Excess (Deficiency) Before Transfers	(29,867)
Transfers	
Increase (Decrease) in Net Assets	(29,867)
Net Assets, January 1, 2005	1,957,621
Net Assets, December 31, 2005	\$1,927,754

Beaver Township  
Management's Discussion and Analysis  
For the Year Ended December 31, 2005  
Unaudited

---

Program receipts represent only 21.68% percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees and charges.

General receipts represent 78.32% percent of the Township's total receipts, and of this amount, over 73.61% percent are local taxes. State and federal grants and entitlements make up the most significant other portion of the Township's general receipts (21.40% percent). Other receipts are not material in scope within the general receipts and are 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 Trustees, Fiscal Officer, Zoning Inspector, Mahoning County Auditor, as well as internal services such as payroll and purchasing.

Public Safety represents the costs of police, ambulance and fire protection; Public Works reflects the costs of maintaining roads, lighting, etc... Health is assessed by the County Auditor. Conservation-Recreation represents costs associated with our parks. Capital Outlay reflects expenditures for equipment and other assets in all activities. Other-Recycle represents the costs associated with running our recycling center. Debt Service reflects payments on outstanding notes that were issued to provide for new equipment, etc...

### **Governmental Activities**

If you look at the Statement of Activities on page 12, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for public safety, public works, and capital outlay, which account for \$2,128,755 and 76.59% percent of all governmental disbursements, respectively. General government also represents a significant cost, about 17.43% percent. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Government that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

Beaver Township  
Management's Discussion and Analysis  
For the Year Ended December 31, 2005  
Unaudited

---

(Table 3)

**Governmental Activities**

	Total Cost Of Services 2005	Net Cost of Services 2005
	2005	2005
General Government	\$484,449	\$344,155
Public Safety	1,484,641	1,312,320
Public Works	223,150	90,315
Health	39,842	39,842
Conservation-Recreation	29,960	24,020
Capital Outlay	420,964	284,415
Other-Recycle	11,229	3,229
Debt Service	85,301	85,301
Total Expenses	\$2,779,536	\$2,183,597

The dependence upon property tax receipts is apparent as over 57% percent of governmental activities are supported through these general receipts.

**The Township's Funds**

Total governmental funds had receipts of \$2,749,667 and disbursements of \$2,779,534. The greatest change within governmental funds occurred within the Police District Fund. The fund balance of the Police District Fund decreased \$73,994 as the result of increased costs for salaries and benefits and various other expenses.

Police District Fund receipts were less than disbursements by \$225,186, however, a committed transfer to the Police District Fund from the General Fund in the amount of \$150,000 helped to lessen the burden of deficit spending.

**Police District 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 Police District Fund.

During 2005, the Township amended its Police District Fund budget several times to reflect changing circumstances. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$1,095,098 while actual disbursements, including encumbrances, were \$1,082,032. Both receipts and disbursement proved to be slightly better than expected. The Township kept spending very close to budgeted amounts as demonstrated by the minor reported variances.

Beaver Township  
Management's Discussion and Analysis  
For the Year Ended December 31, 2005  
Unaudited

---

**Capital Assets and Debt Administration**

Capital Assets

The Township does keep track of its material capital assets for insurance purposes. The Fiscal Officer intends to consult with Department Heads in establishing a reasonable inventory method of accounting for all capital assets.

Debt

At December 31, 2005, the Township's outstanding debt included \$79,947 in note payable obligations issued for new equipment, and \$17,113 in capital leases for equipment. For further information regarding the Township's debt, refer to Notes 9 and 10 to the basic financial statements.

**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. Our newly prepared financial forecast predicts a near deficit position for the Police District Fund at the end of 2006; therefore, the Trustees and the Fiscal Officer are reviewing options to maintain the solvency of the fund for 2007. The Trustees and Fiscal Officer are also reviewing the General Fund, as it will be used in 2006 in paying for the acquisition of property adjacent to the safety building, assist in the payment of a new addition to the fire station and pay for the construction of a new pavilion at the nature park. These capital outlays will affect the operating needs of the General Fund in 2007.

**Contacting the Township's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Richard R. Lotze, Fiscal Officer, Beaver Township, 10999 South Avenue Extension, North Lima, Ohio 44452.

**Beaver Township, Mahoning County**  
*Statement of Net Assets - Cash Basis*  
*December 31, 2005*

---

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,927,754</u>
<i>Total Assets</i>	<u><u>\$1,927,754</u></u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	\$703,647
Unrestricted	<u>\$1,224,107</u>
<i>Total Net Assets</i>	<u><u>\$1,927,754</u></u>

See accompanying notes to the basic financial statements



**Beaver Township, Mahoning County**  
*Statement of Activities - Cash Basis*  
For the Year Ended December 31, 2005

	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
<b>Governmental Activities</b>					
General Government	\$484,449	\$140,294			(\$344,155)
Public Safety	1,484,642	46,015	\$126,306		(1,312,321)
Public Works	223,149	36,377	96,458		(90,314)
Health	39,842				(39,842)
Conservation-Recreation	29,960	2,140	3,800		(24,020)
Capital Outlay	420,963			\$136,549	(284,414)
Other-Recycle	11,229		8,000		(3,229)
Debt Service	85,301				(85,301)
<i>Total Governmental Activities</i>	<u>2,779,536</u>	<u>224,826</u>	<u>234,564</u>	<u>136,549</u>	<u>(2,183,597)</u>
		<b>General Receipts</b>			
		Property Taxes Levied for:			
		General Purposes			\$1,585,189
		Other Taxes			45,376
		Grants and Entitlements not Restricted to Specific Programs			460,821
		Sale of Capital Assets			23,859
		Interest			31,866
		Miscellaneous			6,617
		<i>Total General Receipts</i>			2,153,728
		Total General Receipts, Special Item, Transfers and Advances			2,153,728
		Change in Net Assets			(29,869)
		<i>Net Assets Beginning of Year</i>			1,957,620
		<i>Net Assets End of Year</i>			<u>\$1,927,751</u>

See accompanying notes to the basic financial statements

**Beaver Township, Mahoning County**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*December 31, 2005*

	General	Fire District Fund	Police District Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$1,224,107	\$184,513	\$145,902	\$51,047	\$322,185	\$1,927,754
<i>Total Assets</i>	<u>\$1,224,107</u>	<u>\$184,513</u>	<u>\$145,902</u>	<u>\$51,047</u>	<u>\$322,185</u>	<u>\$1,927,754</u>
<b>Fund Balances</b>						
Reserved:						
Reserved for Encumbrances	\$602	0	\$58	0	\$2,087	\$2,747
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	1,223,505					1,223,505
Special Revenue Funds		\$184,513	145,844	\$51,047	320,098	701,502
<i>Total Fund Balances</i>	<u>\$1,224,107</u>	<u>\$184,513</u>	<u>\$145,902</u>	<u>\$51,047</u>	<u>\$322,185</u>	<u>\$1,927,754</u>

See accompanying notes to the basic financial statements

**Beaver Township, Mahoning County**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2005*

	General	Fire District Fund	Police District Fund	Road and Bridge Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Property and Other Local Taxes	\$387,094	\$307,502	\$729,466	\$206,502	\$25,937	\$1,656,501
Charges for Services	42,902				42,804	85,706
Licenses, Permits and Fees	80,250					80,250
Fines and Forfeitures	17,142				3,211	20,353
Intergovernmental	325,173	169,940	126,425	24,063	182,533	828,134
Special Assessments					10,440	10,440
Interest	28,658				3,208	31,866
Other	6,251	5,362	896			12,509
<i>Total Receipts</i>	<u>887,470</u>	<u>482,804</u>	<u>856,787</u>	<u>230,565</u>	<u>268,133</u>	<u>2,725,759</u>
<b>Disbursements</b>						
Current:						
General Government	484,449					484,449
Public Safety	165,557	184,813	1,057,996		76,276	1,484,642
Public Works				204,017	19,132	223,149
Health	39,842					39,842
Conservation-Recreation	29,960					29,960
Other					11,229	11,229
Capital Outlay	58,444	157,458	23,978	49,006	132,077	420,963
Debt Service:						
Principal Retirement		54,541		24,814		79,355
Interest and Fiscal Charges		3,192		2,754		5,946
<i>Total Disbursements</i>	<u>778,252</u>	<u>400,004</u>	<u>1,081,974</u>	<u>280,591</u>	<u>238,714</u>	<u>2,779,535</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>109,218</u>	<u>82,800</u>	<u>(225,187)</u>	<u>(50,026)</u>	<u>29,419</u>	<u>(53,776)</u>
<b>Other Financing Sources (Uses)</b>						
Sale of Capital Assets	1,400		1,193	18,719	2,546	23,858
Transfers In			150,000			150,000
Transfers Out	(150,000)					(150,000)
Other Financing Sources	49					49
<i>Total Other Financing Sources (Uses)</i>	<u>(148,551)</u>	<u>0</u>	<u>151,193</u>	<u>18,719</u>	<u>2,546</u>	<u>23,907</u>
<i>Net Change in Fund Balances</i>	<u>(39,333)</u>	<u>82,800</u>	<u>(73,994)</u>	<u>(31,307)</u>	<u>31,965</u>	<u>(29,869)</u>
<i>Fund Balances Beginning of Year</i>	<u>1,263,438</u>	<u>101,715</u>	<u>219,895</u>	<u>82,353</u>	<u>290,219</u>	<u>1,957,620</u>
<i>Fund Balances End of Year</i>	<u>\$1,224,105</u>	<u>\$184,515</u>	<u>\$145,901</u>	<u>\$51,046</u>	<u>\$322,184</u>	<u>\$1,927,751</u>

See accompanying notes to the basic financial statements

**Beaver 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, 2005*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Receipts</b>				
Property and Other Local Taxes	\$359,288	\$374,688	\$387,094	\$12,406
Charges for Services	44,000	42,900	42,902	2
Licenses, Permits and Fees	100,000	80,200	80,250	50
Fines and Forfeitures	21,000	17,150	17,142	(8)
Intergovernmental	167,134	329,094	325,173	(3,921)
Interest	15,600	28,650	28,658	8
Other	6,000	6,250	6,251	1
<i>Total receipts</i>	<u>713,022</u>	<u>878,932</u>	<u>887,470</u>	<u>8,538</u>
<b>Disbursements</b>				
Current:				
General Government	467,659	519,519	485,050	34,469
Public Safety	168,212	171,212	165,557	5,655
Health	38,154	40,154	39,842	312
Conservation-Recreation	35,000	31,700	29,960	1,740
Capital Outlay	5,000	214,000	58,444	155,556
<i>Total Disbursements</i>	<u>714,025</u>	<u>976,585</u>	<u>778,853</u>	<u>197,732</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,003)</u>	<u>(97,653)</u>	<u>108,617</u>	<u>206,270</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets		1,400	1,400	0
Transfers Out	(150,000)	(150,000)	(150,000)	0
Other Financing Sources	100	50	49	(1)
<i>Total Other Financing Sources (Uses)</i>	<u>(149,900)</u>	<u>(148,550)</u>	<u>(148,551)</u>	<u>(1)</u>
<i>Net Change in Fund Balance</i>	(150,903)	(246,203)	(39,934)	206,269
<i>Fund Balance Beginning of Year</i>	1,260,211	1,260,211	1,260,211	0
Prior Year Encumbrances Appropriated	3,228	3,228	3,228	0
<i>Fund Balance End of Year</i>	<u>\$1,112,536</u>	<u>\$1,017,236</u>	<u>\$1,223,505</u>	<u>\$206,269</u>

See accompanying notes to the basic financial statements

**Beaver Township, Mahoning County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Fire District Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$295,713	\$295,713	\$307,502	\$11,789
Intergovernmental	166,861	172,962	169,940	(3,022)
Other	3,000	5,362	5,362	
<i>Total receipts</i>	<u>465,574</u>	<u>474,037</u>	<u>482,804</u>	<u>8,767</u>
<b>Disbursements</b>				
Current:				
Public Safety	201,833	203,333	184,813	18,520
Capital Outlay	180,000	186,000	157,458	28,542
Debt Service:				
Principal Retirement	54,534	54,544	54,541	3
Interest and Fiscal Charges	2,251	3,241	3,192	49
<i>Total Disbursements</i>	<u>438,618</u>	<u>447,118</u>	<u>400,004</u>	<u>47,114</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>26,956</u>	<u>26,919</u>	<u>82,800</u>	<u>55,881</u>
<i>Net Change in Fund Balance</i>	26,956	26,919	82,800	55,881
<i>Fund Balance Beginning of Year</i>	101,607	101,607	101,607	0
Prior Year Encumbrances Appropriated	<u>108</u>	<u>108</u>	<u>108</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$128,671</u>	<u>\$128,634</u>	<u>\$184,515</u>	<u>\$55,881</u>

See accompanying notes to the basic financial statements

**Beaver Township, Mahoning County**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*Police District Fund*  
*For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$702,003	\$702,003	\$729,466	\$27,463
Intergovernmental	113,207	130,680	126,425	(4,255)
Other	2,500	896	896	
<i>Total receipts</i>	817,710	833,579	856,787	23,208
<b>Disbursements</b>				
Current:				
Public Safety	1,050,298	1,071,098	1,058,054	13,044
Capital Outlay	24,000	24,000	23,978	22
<i>Total Disbursements</i>	1,074,298	1,095,098	1,082,032	13,066
<i>Excess of Receipts Over (Under) Disbursements</i>	(256,588)	(261,519)	(225,245)	36,274
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets		1,193	1,193	0
Transfers In	150,000	150,000	150,000	0
<i>Total Other Financing Sources (Uses)</i>	150,000	151,193	151,193	0
<i>Net Change in Fund Balance</i>	(106,588)	(110,326)	(74,052)	36,274
<i>Fund Balance Beginning of Year</i>	218,616	218,616	218,616	0
Prior Year Encumbrances Appropriated	1,279	1,279	1,279	0
<i>Fund Balance End of Year</i>	\$113,307	\$109,569	\$145,843	\$36,274

See accompanying notes to the basic financial statements

**Beaver Township, Mahoning County**  
*Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual -Budget Basis  
 Road and Bridge Fund  
 For the Year Ended December 31, 2005*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Receipts</b>				
Property and Other Local Taxes	\$199,041	\$199,041	\$206,502	\$7,461
Intergovernmental	25,539	25,539	24,063	(1,476)
Other	500			
<i>Total receipts</i>	225,080	224,580	230,565	5,985
<b>Disbursements</b>				
Current:				
Public Works	206,235	214,135	204,017	10,118
Capital Outlay	10,000	70,000	49,006	20,994
Debt Service:				
Principal Retirement	25,900	25,900	24,814	1,086
Interest and Fiscal Charges	3,000	3,000	2,754	246
<i>Total Disbursements</i>	245,135	313,035	280,591	32,444
<i>Excess of Receipts Over (Under) Disbursements</i>	(20,055)	(88,455)	(50,026)	38,429
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets		18,719	18,719	0
Notes Issued	52,000			0
<i>Total Other Financing Sources (Uses)</i>	52,000	18,719	18,719	0
<i>Net Change in Fund Balance</i>	31,945	(69,736)	(31,307)	38,429
<i>Fund Balance Beginning of Year</i>	82,118	82,118	82,118	0
Prior Year Encumbrances Appropriated	235	235	235	0
<i>Fund Balance End of Year</i>	\$114,298	\$12,617	\$51,046	\$38,429

See accompanying notes to the basic financial statements

**This page intentionally left blank.**



Beaver Township  
Notes to the Financial Statements  
For the Year Ended December 31, 2005

---

**Note 1 – Reporting Entity**

The Beaver Township, Mahoning County, Ohio (the Township), is a body politic and corporate established in 1811 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

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

**A. Primary Government**

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, ambulance, fire protection, police protection and maintenance of Township roads and bridges.

The Township participates in the OTARMA public entity risk pool. Notes 6 and 14 to the financial statements provides additional information for this entity. The organization is:

Public Entity Risk Pool: Ohio Township Association Risk Management Authority (OTARMA).  
OTARMA is a risk sharing pool that provides the Township with casualty and property insurance.

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

**Note 2 – Summary of Significant Accounting Policies**

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

**A. Basis of Presentation**

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

Beaver Township  
Notes to the Financial Statements  
For the Year Ended December 31, 2005

---

**Note 2 – Summary of Significant Accounting Policies** (continued)

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Township has no business-type activities.

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

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

**B. Fund Accounting**

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

Beaver Township  
Notes to the Financial Statements  
For the Year Ended December 31, 2005

---

**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 Township's major governmental funds are the General Fund, Fire District Fund (Fire department resources), Police District Fund (Police department resources) and the Road & Bridge Fund (Road department resources). The General Fund is used to account for all financial resources, except those required to be accounted for in another fund such as those indicated above. 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.

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

C. Basis of Accounting

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

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 expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations 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 2005 tax budget requirement was waived by the Board of Trustees under the authority granted it by the Mahoning County Budget Commission, however, the Township developed an annual budget for projection purposes.

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

Beaver Township  
Notes to the Financial Statements  
For the Year Ended December 31, 2005

---

**Note 2 – Summary of Significant Accounting Policies** (continued)

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

**E. Cash and Investments**

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 2005, the Township’s cash management pool was collateralized by various authorized federal government securities. The Township’s pooled sweep-investment account is recorded at the amount reported by Sky Bank on December 31, 2005.

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 2005 was \$31,866, which includes \$3,208 assigned from other Township funds.

**F. Restricted Assets**

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets 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 \$703,647.

**G. Inventory and Prepaid Items**

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

**H. Capital Assets**

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

**Note 2 – Summary of Significant Accounting Policies** (continued)

**I. Interfund Receivables/Payables**

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

**J. Accumulated Leave**

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

**K. Employer Contributions to Cost-Sharing Pension Plans**

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**L. Long-Term Obligations**

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

**M. Net Assets**

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for ambulance, fire and police protection, road improvements and maintenance, recycling and street lighting.

The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**N. Fund Balance Reserves**

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance, which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

**Note 2 – Summary of Significant Accounting Policies** (continued)

**O. 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 – 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, Fire District Fund, Police District Fund and the Road & Bridge fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the cash basis is (are) outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) (and outstanding year receivable or payable (cash basis)). The encumbrances outstanding at year-end (budgetary basis) amounted to \$602 for the General Fund and \$58 for the Police District Fund.

**Note 4 – Deposits and Investments**

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

Beaver Township  
Notes to the Financial Statements  
For the Year Ended December 31, 2005

---

**Note 4 - Deposits and Investments** (continued)

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

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

At year-end, the Township had no un-deposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents".

**Deposits**

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$1,874,781 of the Township's bank balance of \$1,974,781 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. Please note, however, that the securities are held at the Federal Reserve Bank in Cleveland, Ohio. The exposure to custodial credit risk is extremely low.

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.

Beaver Township  
Notes to the Financial Statements  
For the Year Ended December 31, 2005

---

**Note 4 - Deposits and Investments** (continued)

Investments

As of December 31, 2005, the Township had no investments as described in Note 2(E).

**Note 5 - Property Taxes**

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due the first week in March, with the remainder payable by the first week in August. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2004 became a lien on December 31, 2003, were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004, on the true value as of December 31, 2004. Tangible personal property was assessed at 25.0 percent of true value for capital assets and 23.0 percent for inventory as of December 31, 2004. 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, 2005, was \$15.40 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	
Residential	\$ 97,578,500
Agriculture	
Commercial/Industrial/Mineral	27,259,540
Public Utility Property	
Real	
Personal	6,533,740
Tangible Personal Property	7,257,366
Total Assessed Value	<u>\$ 138,629,146</u>



Beaver Township  
Notes to the Financial Statements  
For the Year Ended December 31, 2005

---

**Note 6 – Risk Management**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During 2005 the Township contracted with the Ohio Township Association Risk Management Authority (OTARMA), a risk sharing pool available to Ohio Townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles. Coverage provided by OTARMA is as follows:

Legal Liability	\$ 2,000,000	Per Occurrence
Automobile Liability	2,000,000	Per Occurrence
Law Enforcement Operations	2,000,000	Per Occurrence
Wrongful Acts	2,000,000	Per Occurrence
Property – Misc., Buildings, Etc.	1,471,508	Total Coverage
Property – Vehicles	1,706,338	Total Coverage

There were no significant reductions in coverage from prior years and claims have not exceeded insurance coverage in any of the past three years. The Township pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is based on accident history and administrative costs.

**Note 7 – Defined Benefit Pension Plan**

**A. Ohio Public Employees Retirement System**

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

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

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

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The Township's contribution rate for pension benefits for 2005 was 9.55 percent, except for those plan

Beaver Township  
Notes to the Financial Statements  
For the Year Ended December 31, 2005

---

**Note 7 – Defined Benefit Pension Plan** (continued)

members in law enforcement or public safety. For those classifications, the Township's pension contributions were 12.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$186,578, \$173,882, and \$166,276 respectively. The full amount has been contributed for 2005, 2004 and 2003.

**Note 8 – Post-employment Benefits**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2003, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 5.00 and 10.00 percent annually for 2004 thru 2012, with 2013 and after assumed to increase at an annual rate of 4.00 percent.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 375,076. Actual employer contributions for 2004, which were used to fund postemployment benefits were \$1.6 billion. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$65.2 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.05 billion and \$8.03 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

Beaver Township  
Notes to the Financial Statements  
For the Year Ended December 31, 2005

---

**Note 9 - Notes Payable**

A summary of the note transactions for the year ended December 31, 2005, follows:

	Interest Rate	Balance December 31, 2004	Reductions	Balance December 31, 2005
<u>Fire District Fund-A</u>	4.49%	\$ 27,734	\$ 27,734	\$ 0
<u>Fire District Fund-B</u>	3.57%	\$ 54,568	\$ 26,807	\$ 27,761
<u>Road &amp; Bridge Fund</u>	3.66%	\$ 77,000	\$ 24,814	\$ 52,186
2005 Issue	%	\$ 159,302	\$ 79,355	\$ 79,947

All note proceeds had been spent at December 31, 2005. All notes are backed by the full faith and credit of the Township. The Fire District Fund-A note was issued to finance the purchase of an ambulance. The Fire District Fund-B note was issued to finance the purchase of a truck tractor to haul the fire department's water trailer. The Road & Bridge Fund note was issued to finance the purchase of a dump/snow plow truck.

The following is an amortization of Notes Payable:

Fire District Fund-B	Year	Principal	Interest	Totals
	2006	\$ 27,761	\$ 1,005	\$ 28,766
		\$ 27,761	\$ 1,005	\$ 28,766

Road & Bridge Fund	Year	Principal	Interest	Totals
	2006	\$ 25,606	\$ 1,962	\$ 27,568
	2007	26,580	986	27,566
		\$ 52,186	\$ 2,948	\$ 55,134

Beaver Township  
Notes to the Financial Statements  
For the Year Ended December 31, 2005

---

**Note 10 – Leases**

The Township leases buildings, vehicles and other equipment under noncancelable leases. The Township disbursed \$4,437 to pay lease costs for the year ended December 31, 2005. Future lease payments (principal and interest) are as follows:

Year	Amount
2006	\$7,607
2007	7,606
2008	3,169
Total	<u>\$18,382</u>

**Note 11 - Transfers**

During 2005 the following transfers were made:

Transfers from the General Fund to:	
Police District Fund	<u>\$150,000</u>
Total Transfers from the General Fund	<u>\$150,000</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 12 – Construction and Contractual Commitments**

The Township will be purchasing a new fire truck from Precision Fire Apparatus, Inc. in the amount of \$298,476 in 2006. This vehicle purchase was accepted by contract in 2005, with delivery in 2006. The Township renewed a contract to provide ambulance, fire and police dispatch services to Springfield Township in 2006 for \$43,710. The Township also placed a deposit of \$1,500 in December 2005 as earnest money for the potential purchase of property adjacent to the safety building on South Range Road. The purchase price for the property is \$110,000.

**Note 13 – Contingent Liabilities**

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

Amounts 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.

**Note 14 – Public Entity Risk Pool**

The Township participates as a member in a public entity risk pool known as Ohio Township Association Risk Management Authority (OTARMA). The intergovernmental contract arrangement is to provide the members risk management services and risk sharing facilities, and to defend and protect, in accordance with the agreement, against liability as outlined in the contract. The liability of each member is limited to the amount of contributions required to be made to the pool. In no event shall a member be responsible, jointly or severally, for the liabilities of any other member. The members are to timely report incidents, pursue loss prevention measures, cooperate with OTARMA representatives, pay when due all annual contributions and comply with other types of directives. OTARMA shall administer the pool and comply with the various powers and duties of the agreement. The current OTARMA Board of Directors is comprised of Larry Johns, David Foglesong, Frank Gliha, Michael Cochran, Joan Beardmore, Marsha Funk and Greg Hanahan.

**Note 15 – Subsequent Events**

The Township trustees have submitted plans for bid to expand the fire department area of the safety building located on West South Range Road. The initial estimate of cost is +/- \$700,000. Various options within the plans will give the Township flexibility on how the structure can be built. The project, if approved, will be funded through the General Fund, the Fire District Fund and a note payable issued by the Fire District Fund. When bids are submitted, there will be a better understanding of the project's cost and the allocation of funding.

For several years, the Township was paying in to OPERS for volunteer fireman and emergency medical technicians. After discovering that some of these employees were ineligible for OPERS, the Township realized the employees were eligible for Social Security during that time period. To remedy this, the Township will pay both the employee and employer obligations of 6.2% on wages earned in 2003, 2004, 2005 and early 2006. The Township estimates the total amount to be \$21,373.

**This page intentionally left blank.**



## Auditor of State Betty Montgomery

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

Beaver Township  
Mahoning County  
11999 South Avenue  
PO Box 598  
North Lima, Ohio 44452-0598

To the Board of Trustees:

We have audited the financial statements of Beaver Township, Mahoning County, (the Township) as of and for the year ended December 31, 2005, and have issued our report thereon dated October 5, 2006, wherein we noted the Township revised its financial presentation comparable to Governmental Auditing Standard No. 34, and followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Township's management dated October 5, 2006, we reported an other matter involving internal control over financial reporting we did not deem a reportable conditions.

#### **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*. In a separate letter to the Township's management dated October 5, 2006, we reported an other matter related to noncompliance we deemed immaterial.

Voinovich Government Center / 242 Federal Plaza W. / Suite 302 / Youngstown, OH 44503  
Telephone: (330) 797-9900 (800) 443-9271 Fax: (330) 797-9949  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

We intend this report solely for the information and use of the audit committee, management, and Board of Trustees. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

October 5, 2006





**Mary Taylor, CPA**  
Auditor of State

**BEAVER 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  
JANUARY 18, 2007**