



Dave Yost • Auditor of State



**AUSTINTOWN TOWNSHIP  
MAHONING COUNTY**

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# Dave Yost • Auditor of State

Austintown Township  
Mahoning County  
82 Ohltown Road  
Austintown, Ohio 44515

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Township to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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

**Dave Yost**  
Auditor of State

September 24, 2012

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Austintown Township  
Mahoning County  
82 Ohltown Road  
Austintown, OH 44515

To the Board of Trustees:

We have audited the accompanying financial statements of Austintown Township, Mahoning County, (the Township) as of and for the year ended December 31, 2011. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion 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 described more fully in Note 1, the Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Governments to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2011 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2011, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 of Austintown Township, Mahoning County, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 Austintown 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 September 24, 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. The federal awards expenditure schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The federal awards expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subject to the auditing procedures we applied to the 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 financial statements or to the 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 financial statements taken as a whole.



**Dave Yost**  
Auditor of State

September 24, 2012

**AUSTINTOWN TOWNSHIP  
MAHONING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
<b>Cash Receipts</b>					
Property and Other Local Taxes	\$868,317	\$6,434,319			\$7,302,636
Licenses, Permits and Fees	223,144	72,363			295,507
Fines and Forfeitures	28,601	270,569			299,170
Intergovernmental	1,074,205	2,928,805	\$108,188		4,111,198
Special Assessments			127,510		127,510
Earnings on Investments	3,348	364		\$48	3,760
Miscellaneous	19,367	254,598			273,965
<i>Total Cash Receipts</i>	<u>2,216,982</u>	<u>9,961,018</u>	<u>235,698</u>	<u>48</u>	<u>12,413,746</u>
<b>Cash Disbursements</b>					
Current:					
General Government	684,858	182,790	4,141		871,789
Public Safety	22,988	7,508,977			7,531,965
Public Works		1,779,182			1,779,182
Health	182,772	23,497			206,269
Conservation-Recreation	6,714	308,552			315,266
Capital Outlay	10,055	1,523,999	273,570		1,807,624
Debt Service:					
Principal Retirement		500,000			500,000
Interest and Fiscal Charges		12,569			12,569
<i>Total Cash Disbursements</i>	<u>907,387</u>	<u>11,839,566</u>	<u>277,711</u>	<u>0</u>	<u>13,024,664</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,309,595</u>	<u>(1,878,548)</u>	<u>(42,013)</u>	<u>48</u>	<u>(610,918)</u>
<b>Other Financing Receipts (Disbursements)</b>					
Sale of Notes		500,000			500,000
Sale of Capital Assets		30,035			30,035
Transfers In		1,500,000	52,576		1,552,576
Transfers Out	(1,552,576)				(1,552,576)
Advances In	2,095,116	1,672,254	103,929		3,871,299
Advances Out	(2,198,779)	(1,568,591)	(103,929)		(3,871,299)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,656,239)</u>	<u>2,133,698</u>	<u>52,576</u>	<u>0</u>	<u>530,035</u>
<i>Net Change in Fund Cash Balances</i>	<u>(346,644)</u>	<u>255,150</u>	<u>10,563</u>	<u>48</u>	<u>(80,883)</u>
<i>Fund Cash Balances, January 1 (restated - see note 2)</i>	<u>792,899</u>	<u>1,077,695</u>	<u>14,924</u>	<u>4,451</u>	<u>1,889,969</u>
<b>Fund Cash Balances, December 31</b>					
Nonspendable				3,033	3,033
Restricted		1,325,271	25,487	1,466	1,352,224
Committed	24,993				24,993
Assigned	168,790	7,574			176,364
Unassigned (Deficit)	252,472				252,472
<i>Fund Cash Balances, December 31</i>	<u>\$446,255</u>	<u>\$1,332,845</u>	<u>\$25,487</u>	<u>\$4,499</u>	<u>\$1,809,086</u>

The notes to the financial statements are an integral part of this statement.

**AUSTINTOWN TOWNSHIP  
MAHONING COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	Proprietary Fund Types		Fiduciary Fund Types	Totals
	Enterprise	Internal Service	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>				
Fines and Forfeitures			\$81,421	\$81,421
Miscellaneous	\$47,028	\$687,454		734,482
<i>Total Operating Cash Receipts</i>	47,028	687,454	81,421	815,903
<b>Operating Cash Disbursements</b>				
Salaries		469,661		469,661
Employee Fringe Benefits		175,168	4,040	179,208
Purchased Services	59,955	44,829	44,439	149,223
Supplies and Materials	5,606	19,748		25,354
Other	14,562	1,145	55,171	70,878
<i>Total Operating Cash Disbursements</i>	80,123	710,551	103,650	894,324
<i>Operating Income (Loss)</i>	(33,095)	(23,097)	(22,229)	(78,421)
<b>Non-Operating Receipts (Disbursements)</b>				
Intergovernmental		310		310
Miscellaneous Receipts	10	7,522	24,312	31,844
Capital Outlay	(32,293)			(32,293)
<i>Total Non-Operating Receipts (Disbursements)</i>	(32,283)	7,832	24,312	(139)
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	(65,378)	(15,265)	2,083	(78,560)
Advances In		415,921	6,675	422,596
Advances Out		(415,921)	(6,675)	(422,596)
<i>Net Change in Fund Cash Balances</i>	(65,378)	(15,265)	2,083	(78,560)
<i>Fund Cash Balances, January 1</i>	180,796	60,889	102,340	344,025
<i>Fund Cash Balances, December 31</i>	\$115,418	\$45,624	\$104,423	\$265,465

*The notes to the financial statements are an integral part of this statement.*

**AUSTINTOWN TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Austintown Township, Mahoning County, (the Township) as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides general government services, maintenance of township roads and bridges, Police and Fire protection, Park and Recreation, Zoning, and Cemetery maintenance.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits and Investments**

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township values repurchase agreements and certificates of deposits at cost.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes. The Township had the following significant Special Revenue Funds:

**AUSTINTOWN TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011  
(Continued)**

**2. Special Revenue Funds (Continued)**

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

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

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

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

**3. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant capital project funds:

Public Works Fund - The Township receives ISSUE II grants from the State of Ohio for storm water management, culvert replacement and major road upgrades.

Lighting District – Special assessments are used to maintain Township lights

**4. Permanent Funds**

Cemetery Bequests Fund – This fund receives interest earned on the nonexpendable corpus from a trust agreement. These earnings are used for the general maintenance and upkeep of those specific family plots/graves within the Township's cemeteries.

**5. Enterprise Fund**

This fund accounts for any activity for which a fee is charged to external users for goods or services. The Township has one enterprise fund.

Westchester Building Fund –This fund collects rental income from the building to be used for Parks and Recreation.

**6. Internal Service Fund**

This fund accounts for services provided by one department to other departments of the government unit. The Township had the following Internal Service Fund:

Communications Fund – This fund receives reimbursements from other funds to pay for the operations of the Fire and Police Dispatch which also services 911 and the entire phone system for the Township.

Maintenance Fund – This fund receives reimbursements, from other funds based on the department utilization to pay for the maintenance of Township vehicles and equipment.

**AUSTINTOWN TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011  
(Continued)**

**7. Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds. Trust funds 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 private purpose trusts at this time.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township's agency funds account for Unclaimed Monies, Employee contributions to Flexible Spending, Custodial Holdings such as fire loss insurance proceeds and Task Force forfeiture pending monies.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund except agency funds are legally required to be budgeted and appropriated annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations 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, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

**F. Fund Balance**

For December 31, 2011, fund balance is divided into five classifications based primarily on the extent to which the Township must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**AUSTINTOWN TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011  
(Continued)**

**1. Nonspendable**

The Township classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

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

**3. Committed**

Trustees can *commit* amounts via formal action (resolution). The Township must adhere to these commitments unless the Trustees amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Township Trustees or a Township official delegated that authority by resolution, or by State Statute.

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

**G. Property, Plant, and Equipment**

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**AUSTINTOWN TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011  
(Continued)**

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, 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.

**2. Restatement of Fund Equity**

In fiscal year 2011 the Township voided checks which were written in prior periods by recording the following adjustments to cash fund balances:

<b>Prior Period Adjustment</b>			
	12/31/2010 Fund		01/01/2011 Fund
<u>Fund Type</u>	<u>Cash Balances</u>	<u>Adjustments</u>	<u>Cash Balances</u>
General Fund	\$ 792,891	\$ 8	\$ 792,899
Special Revenue	\$ 1,077,576	\$ 119	\$ 1,077,695

**3. Equity in Pooled Deposits and Investments**

The Township maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

Demand deposits	\$1,251,883
Certificates of deposit	3,033
Total deposits	<u>1,254,916</u>
Repurchase agreement	819,635
Total investments	<u>819,635</u>
Total deposits and investments	<u>\$2,074,551</u>

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

**Investments:** The Township's investments are limited to Certificates of Deposit and Sweep Repurchase Agreements.

**AUSTINTOWN TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011  
(Continued)**

**4. Budgetary Activity:** Budgetary activity for the year ending December 31, 2011 follows:

2011 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,035,768	\$2,216,981	\$181,213
Special Revenue	11,724,001	11,991,053	267,052
Capital Projects	265,813	288,274	22,461
Enterprise	47,038	47,038	0
Internal Service	680,223	695,286	15,063
Permanent	48	48	0
Fiduciary	57,050	105,733	48,683
Total	\$14,809,941	\$15,344,413	\$534,471

2011 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,683,621	\$2,487,249	\$196,372
Special Revenue	12,604,517	11,881,999	722,518
Capital Projects	280,737	278,125	2,612
Enterprise	165,250	112,416	52,834
Internal Service	734,445	714,144	20,301
Fiduciary	148,840	103,650	45,190
Total	\$16,617,410	\$15,577,583	\$1,039,827

**5. Property Tax**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**AUSTINTOWN TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011  
(Continued)**

**6. Retirement Systems**

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2011, OP&F participants contributed 10% of their wages. For 2011, the Township contributed to OP&F an amount equal to 24% of full-time fire fighters' wages, respectively. For 2011, OPERS-G members contributed 10% and OPERS-LE members contributed 11.61%, of their gross wages. The Township contributed an amount equaling 14% for OPERS-G and 18.1% for OPERS-LE, respectively, of participants' gross salaries. The Township has paid all contributions required through December 31, 2011.

**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 (the latest information available):

**AUSTINTOWN TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2011  
(Continued)**

**7. Risk Management (Continued)**

	<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 \$53,000.

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.

<u>Contributions to OTARMA</u>	
<u>2011</u>	<u>2010</u>
\$71,960	\$57,329

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.

**8. Subsequent Events**

On January 23, 2012, Board Resolution #12-01-23-05 authorized issuance of notes in the amount of \$830,000 for the purpose of acquiring communications systems and related equipment for police, fire, and emergency services.

**AUSTINTOWN TOWNSHIP  
MAHONING COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2011**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
ARRA - Assistance to Firefighters Grant	EMW-2009-FC-04732R	97.115	313,753
Assistance to Firefighters Grant	EMW-2009-FV-06606	97.044	450,000
Assistance to Firefighters Grant	EMW-2010-FO-03087	97.044	85,655
Assistance to Firefighters Grant	EMW-2009-F0-032335	97.044	<u>20,242</u>
Total U.S. Department of Homeland Security			<u><b>869,650</b></u>
<b>U.S. DEPARTMENT OF JUSTICE</b> <i>Passed Through Ohio Department of Public Safety</i> <i>-Office of Criminal Justice Services</i>			
Edward J Byrne Grant			
Byrne Memorial JAG	2010-JG-LLE-5181	16.738	11,700
Byrne Memorial JAG	2010-JG-A01-6442	16.738	88,275
Byrne Congressional Award	2008-DD-BX-0265	16.738	133,022
ARRA - Byrne Memorial JAG	2009-RA-A02-2321	16.803	<u>53,197</u>
Total Edward J Byrne Grant			286,194
Federal Equitable Sharing			
Federal Equitable Sharing - MVLETF		No CFDA	63,814
Total U.S. Department of Justice			<u><b>350,008</b></u>
<b>Executive Office of the President - Office of National Drug Control Policy Direct Program:</b>			
High Intensity Drug Trafficking Area – Ohio		No CFDA	<u><b>64,299</b></u>
<b>Total</b>			<u><u><b>1,283,957</b></u></u>

*The accompanying notes are an integral part of this schedule.*

**AUSTINTOWN TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
DECEMBER 31, 2011**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports Austintown Township's (the Township) federal award programs' disbursements. The schedule has been prepared on the cash basis of accounting.

**NOTE B - MATCHING REQUIREMENTS**

Certain Federal programs require the Township to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Township has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



# 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

Austintown Township  
Mahoning County  
82 Ohltown Road  
Austintown, Ohio 44515

To the Board of Trustees:

We have audited the financial statements of Austintown Township (the Township) as of and for the year ended December 31, 2011, and have issued our report thereon dated September 24, 2012 in which we noted the Township implemented Government Accounting Standards Board Statement 54, Fund Balance Reporting and Governmental Fund Type Definitions, and wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also 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 intend this report solely for the information and use of management, the Board of Trustees, federal awarding agencies and pass-through entities, 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, flowing style.

**Dave Yost**  
Auditor of State

September 24, 2012



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Austintown Township  
Mahoning County  
82 Ohltown Road  
Austintown, Ohio 44515

To the Board of Trustees:

### Compliance

We have audited the compliance of Austintown Township (the Township) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of Austintown Township's major federal programs for the year ended December 31, 2011. The *summary of auditor's results* section of the accompanying schedule of findings identifies the Township's major federal programs. The Township's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the Township's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Township's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Township's compliance with these requirements.

In our opinion, Austintown Township complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2011.

### Internal Control Over Compliance

The Township's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Township's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Township's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We intend this report solely for the information and use of the audit committee, management, Board of Trustees, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Dave Yost**  
Auditor of State

September 24, 2012

**AUSTINTOWN TOWNSHIP  
MAHONING COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2011**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Assistance to Firefighters / 97.044 ARRA Assistance to Firefighters / 97.115
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

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# Dave Yost • Auditor of State

**AUSTINTOWN TOWNSHIP**

**MAHONING COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 09, 2012**