



Dave Yost • Auditor of State

**AUSTINTOWN TOWNSHIP
MAHONING COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Austintown Township
Mahoning County
82 Ohltown Road
Youngstown, Ohio 44515

To the Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Austintown Township, Mahoning County, (the Township) as of and for the years ended December 31, 2014 and 2013.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Township's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Township prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Township does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2014 and 2013, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Austintown Township, Mahoning County as of December 31, 2014 and 2013, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

November 23, 2015

**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, 2014**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$924,850	\$7,716,939			\$8,641,789
Charges for Services		91,367			91,367
Licenses, Permits and Fees	233,257	111,837			345,094
Fines and Forfeitures	25,948	160,073			186,021
Intergovernmental	1,359,762	2,476,712	\$666,432		4,502,906
Special Assessments	40,391		130,726		171,117
Earnings on Investments	2,976	323		\$1	3,300
Miscellaneous	29,910	410,142	3,000		443,052
<i>Total Cash Receipts</i>	<u>2,617,094</u>	<u>10,967,393</u>	<u>800,158</u>	<u>1</u>	<u>14,384,646</u>
Cash Disbursements					
Current:					
General Government	772,437	329,563	4,160		1,106,160
Public Safety	3,101	8,188,200			8,191,301
Public Works	180,402	1,851,131	6,347		2,037,880
Health	172,538	13,645			186,183
Human Services		312,092			312,092
Conservation-Recreation		430,027			430,027
Capital Outlay	1,073	630,321	1,142,619		1,774,013
Debt Service:					
Principal Retirement		9,141	45,000		54,141
Interest and Fiscal Charges	12		26,766		26,778
<i>Total Cash Disbursements</i>	<u>1,129,563</u>	<u>11,764,120</u>	<u>1,224,892</u>	<u>0</u>	<u>14,118,575</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,487,531</u>	<u>(796,727)</u>	<u>(424,734)</u>	<u>1</u>	<u>266,071</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	77,510	26,692			104,202
Transfers In		249,000	108,744		357,744
Transfers Out	(357,744)				(357,744)
Advances In	1,237,285	904,600	65,000		2,206,885
Advances Out	(1,549,900)	(645,061)	(45,000)		(2,239,961)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(592,849)</u>	<u>535,231</u>	<u>128,744</u>	<u>0</u>	<u>71,126</u>
<i>Net Change in Fund Cash Balances</i>	894,682	(261,496)	(295,990)	1	337,197
<i>Fund Cash Balances, January 1 - Restated (see footnote #10)</i>	<u>1,703,918</u>	<u>2,149,872</u>	<u>477,079</u>	<u>4,535</u>	<u>4,335,404</u>
Fund Cash Balances, December 31					
Nonspendable				4,536	4,536
Restricted		1,855,655	181,089		2,036,744
Committed		32,721			32,721
Unassigned (Deficit)	2,598,600				2,598,600
<i>Fund Cash Balances, December 31</i>	<u>\$2,598,600</u>	<u>\$1,888,376</u>	<u>\$181,089</u>	<u>\$4,536</u>	<u>\$4,672,601</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, 2014**

	Proprietary Fund Types		Fiduciary Fund Types	Totals
	Enterprise	Internal Service	Agency	(Memorandum Only)
Operating Cash Receipts				
Fines and Forfeitures			\$158,148	\$158,148
Miscellaneous	\$220,265	\$588,450		808,715
<i>Total Operating Cash Receipts</i>	<u>220,265</u>	<u>588,450</u>	<u>158,148</u>	<u>966,863</u>
Operating Cash Disbursements				
Salaries		491,142		491,142
Employee Fringe Benefits		289,891	720	290,611
Purchased Services	49,997	19,219	22,562	91,778
Supplies and Materials		5,923		5,923
Other	26,430	6	25,373	51,809
<i>Total Operating Cash Disbursements</i>	<u>76,427</u>	<u>806,181</u>	<u>48,655</u>	<u>931,263</u>
<i>Operating Income (Loss)</i>	<u>143,838</u>	<u>(217,731)</u>	<u>109,493</u>	<u>35,600</u>
Non-Operating Receipts (Disbursements)				
Intergovernmental		8,354		8,354
Miscellaneous Receipts	6,300	24,561	37,761	68,622
Capital Outlay	(21,371)			(21,371)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(15,071)</u>	<u>32,915</u>	<u>37,761</u>	<u>55,605</u>
<i>Income (Loss) before Advances</i>	<u>128,767</u>	<u>(184,816)</u>	<u>147,254</u>	<u>91,205</u>
Advances In		580,300		580,300
Advances Out		(547,224)		(547,224)
<i>Net Change in Fund Cash Balances</i>	<u>128,767</u>	<u>(151,740)</u>	<u>147,254</u>	<u>124,281</u>
<i>Fund Cash Balances, January 1</i>	<u>86,810</u>	<u>171,001</u>	<u>60,887</u>	<u>318,698</u>
<i>Fund Cash Balances, December 31</i>	<u>\$215,577</u>	<u>\$19,261</u>	<u>\$208,141</u>	<u>\$442,979</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 GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$889,438	\$7,769,401			\$8,658,839
Licenses, Permits and Fees	238,328	465,307			703,635
Fines and Forfeitures	20,641	105,521			126,162
Intergovernmental	1,312,243	2,500,756	\$556,151		4,369,150
Special Assessments	29,247		105,016		134,263
Earnings on Investments	1,840	152		\$13	2,005
Miscellaneous	11,896	356,253			368,149
<i>Total Cash Receipts</i>	<u>2,503,633</u>	<u>11,197,390</u>	<u>661,167</u>	<u>13</u>	<u>14,362,203</u>
Cash Disbursements					
Current:					
General Government	639,301	241,803	416		881,520
Public Safety	3,496	7,336,458			7,339,954
Public Works	47,164	2,037,066	119		2,084,349
Health	169,926	28,191			198,117
Human Services		272,027			272,027
Conservation-Recreation		386,822			386,822
Capital Outlay	2,302	476,360	252,842		731,504
Debt Service:					
Principal Retirement	43,000	500,000			543,000
Interest and Fiscal Charges	14,525	11,438	13,785		39,748
<i>Total Cash Disbursements</i>	<u>919,714</u>	<u>11,290,165</u>	<u>267,162</u>	<u>0</u>	<u>12,477,041</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,583,919</u>	<u>(92,775)</u>	<u>394,005</u>	<u>13</u>	<u>1,885,162</u>
Other Financing Receipts (Disbursements)					
Sale of Notes		500,000			500,000
Sale of Capital Assets		4,158			4,158
Transfers In		640,000	47,925		687,925
Transfers Out	(687,925)				(687,925)
Advances In	1,979,112	1,620,693	71,280		3,671,085
Advances Out	(2,253,397)	(1,307,632)	(71,280)		(3,632,309)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(962,210)</u>	<u>1,457,219</u>	<u>47,925</u>	<u>0</u>	<u>542,934</u>
<i>Net Change in Fund Cash Balances</i>	621,709	1,364,444	441,930	13	2,428,096
<i>Fund Cash Balances, January 1</i>	<u>1,082,059</u>	<u>783,157</u>	<u>35,149</u>	<u>4,522</u>	<u>1,904,887</u>
Fund Cash Balances, December 31					
Nonspendable				4,535	4,535
Restricted		2,104,060	477,079		2,581,139
Committed		43,541			43,541
Unassigned (Deficit)	1,703,768				1,703,768
<i>Fund Cash Balances, December 31</i>	<u>\$1,703,768</u>	<u>\$2,147,601</u>	<u>\$477,079</u>	<u>\$4,535</u>	<u>\$4,332,983</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, 2013**

	Proprietary Fund Types		Fiduciary Fund Types	Totals
	Enterprise	Internal Service	Agency	(Memorandum Only)
Operating Cash Receipts				
Fines and Forfeitures			\$35,831	\$35,831
Miscellaneous	\$219,876	\$676,879		896,755
<i>Total Operating Cash Receipts</i>	<u>219,876</u>	<u>676,879</u>	<u>35,831</u>	<u>932,586</u>
Operating Cash Disbursements				
Salaries		472,110		472,110
Employee Fringe Benefits		199,787	720	200,507
Purchased Services	47,783	41,789		89,572
Supplies and Materials		4,183		4,183
Other	10,000	1,311	14,464	25,775
<i>Total Operating Cash Disbursements</i>	<u>57,783</u>	<u>719,180</u>	<u>15,184</u>	<u>792,147</u>
<i>Operating Income (Loss)</i>	<u>162,093</u>	<u>(42,301)</u>	<u>20,647</u>	<u>140,439</u>
Non-Operating Receipts (Disbursements)				
Intergovernmental		9,762		9,762
Miscellaneous Receipts		19,607	20,214	39,821
Capital Outlay	(40,698)	(4,343)		(45,041)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(40,698)</u>	<u>25,026</u>	<u>20,214</u>	<u>4,542</u>
<i>Income (Loss) before Advances</i>	121,395	(17,275)	40,861	144,981
Advances In	5,000	556,424		561,424
Advances Out	(55,000)	(545,200)		(600,200)
<i>Net Change in Fund Cash Balances</i>	71,395	(6,051)	40,861	106,205
<i>Fund Cash Balances, January 1</i>	<u>15,415</u>	<u>177,052</u>	<u>20,026</u>	<u>212,493</u>
<i>Fund Cash Balances, December 31</i>	<u>\$86,810</u>	<u>\$171,001</u>	<u>\$60,887</u>	<u>\$318,698</u>

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

**AUSTINTOWN TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013**

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 services, road and bridge maintenance, cemetery maintenance, police and fire protection, park and recreation and zoning services.

The Township participates in two jointly governed organizations. Note 9 to the financial statements provides additional information for these entities. These organizations are:

Jointly Governed Organizations:

ABC Water and Storm Water District – Austintown Township participates in a jointly governed water district with Boardman Township and the City of Canfield.

Austintown-Boardman Joint Communications District is the council of governments responsible for the joint radio-dispatch system shared by Austintown and Boardman townships.

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 permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

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.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report. Certificates of Deposit are recorded at cost on the date purchased.

**AUSTINTOWN TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies – (Continued)

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 accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Funds

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Township had the following significant Special Revenue Funds:

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

Fire District Fund - 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.

Park Fund - This fund receives property tax money for maintaining Township parks.

3. Capital Project Funds

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.. The Township had the following significant capital project funds:

Lighting District – Special assessments are used to maintain Township lights.

Communications Equipment Fund – A joint communications district was established with Boardman Township to provide communications equipment, personnel and services to the District. This fund received debt proceeds for equipment purchases.

**AUSTINTOWN TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies – (Continued)

4. Permanent Funds

These funds account for and report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting Township's programs (for the benefit of the Township or its citizenry). The Township had the following significant permanent fund:

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 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 Township unit. The Township had the following Internal Service Funds:

Communications Fund – This fund receives reimbursements from other funds to pay for the operation 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.

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.

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 certain agency funds) be budgeted annually.

**AUSTINTOWN TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies – (Continued)

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. 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 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.

A summary of 2014 and 2013 budgetary activity appears in Note 3.

F. Fund Balance

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:

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.

**AUSTINTOWN TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

1. Summary of Significant Accounting Policies – (Continued)

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.

H. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. 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:

	2014	2013
Demand deposits	\$2,159,011	\$2,096,442
Certificates of deposit	3,033	3,033
Total deposits	2,162,044	2,099,475
Repurchase agreement	2,953,536	2,552,206
Total investments	2,953,536	2,552,206
Total deposits and investments	\$5,115,580	\$4,651,681

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, 2014 AND 2013
(Continued)**

2. Equity in Pooled Deposits and Investments – (Continued)

The Township's financial institution transfers securities to the Township's agent to collateralize repurchase agreements. The securities are not in the Township's name.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2014 and 2013 follows:

2014 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$2,495,451	\$2,694,604	\$199,153
Special Revenue	11,697,592	11,243,085	(454,507)
Capital Projects	937,098	908,902	(28,196)
Permanent	12	1	(11)
Enterprise	213,135	226,565	13,430
Internal Service	805,364	621,365	(183,999)
Fiduciary	5,734	195,909	190,175
Total	\$16,154,386	\$15,890,431	(\$263,955)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,972,291	\$1,487,307	\$2,484,984
Special Revenue	12,135,147	11,764,120	371,027
Capital Projects	1,308,873	1,224,892	83,981
Permanent	1,047	0	1,047
Enterprise	98,841	97,798	1,043
Internal Service	741,455	806,181	(64,726)
Fiduciary	61,582	48,655	12,927
Total	\$18,319,236	\$15,428,953	\$2,890,283

2013 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,680,753	\$2,503,633	\$822,880
Special Revenue	11,667,999	12,341,548	673,549
Capital Projects	839,658	709,092	(130,566)
Permanent	22	13	(9)
Enterprise	239,695	219,876	(19,819)
Internal Service	813,050	706,248	(106,802)
Fiduciary	52,214	56,045	3,831
Total	\$15,293,391	\$16,536,455	\$1,243,064

**AUSTINTOWN TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

3. Budgetary Activity – (Continued)

2013 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$2,434,706	\$1,607,639	\$827,067
Special Revenue	11,339,037	11,290,165	48,872
Capital Projects	337,600	267,162	70,438
Permanent	0	0	0
Enterprise	140,000	98,481	41,519
Internal Service	748,800	723,523	25,277
Fiduciary	20,666	15,184	5,482
Total	\$15,020,809	\$14,002,154	\$1,018,655

4. 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.

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

5. Debt

Debt outstanding at December 31, 2014 was as follows:

	Principal	Interest Rate
OPWC SR 46 Sanitary Loan	\$51,798	0%
Communications Equipment Note	\$742,000	3.50%
Vactor Equipment Lease	338,884	2.25%
Total	\$1,132,682	

The Township issued the Communications Equipment Note to finance the purchase of communication equipment for the Township's 911 system. The Township also has a OPWC Loan through the Mahoning County Sanitary Engineer's Office. Bi-annual payments are made to the County on this loan for the Sanitary Sewer Line to Fire Station #1. The lease for the Vactor Equipment was for a road department vehicle that is used to vacuum and flush Township storm sewers. This lease will be repaid in three years.

Amortization of the above debt, including interest, is scheduled as follows:

**AUSTINTOWN TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

5. Debt – (Continued)

Year ending December 31:	OPWC SR 46 Sanitary Loan	Communications Equipment Note	Vactor Equipment Lease
2015	\$3,047	\$71,165	\$117,035
2016	3,047	71,520	117,035
2017	3,047	70,823	117,035
2018	3,047	71,073	
2019	3,047	71,253	
2020-2024	15,235	356,513	
2025-2029	15,235	210,605	
2030-2034	6,093		
Total	\$51,798	\$922,952	\$351,105

6. Retirement Systems

The Township's certified Fire Fighters and full-time Police Officers 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 2014 and 2013, OP&F participants contributed 10% from January 1, 2013 to June 30, 2013, 10.75% from July 1, 2013 to June 30, 2014 and 11.50% from July 1, 2014 to December 31, 2014 of their wages. For 2014 and 2013, the Township contributed to OP&F an amount equal to 19.50% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. For 2014 and 2013, OPERS members contributed 10% of their gross salaries and the Township contributed an amount equaling 14% of participants' gross salaries. The Township has paid all contributions required through December 31, 2014.

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. York Risk Pooling Services, Inc. (formally known as American Risk Pooling Consultants, Inc.) (York or Management), functions as the administrator of the Pool and provides underwriting claims, loss control, risk management, and reinsurance services for the Pool. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**AUSTINTOWN TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

7. Risk Management – (Continued)

Casualty and Property Coverage

The Pool is a member of American Public Entity Excess Pool (APEEP), which is also administered by York. APEEP provides the Pool with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2014, OTARMA retained \$350,000 for casualty claims and \$250,000 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, 2013 and 2014 (the latest information available):

	<u>2013</u>	<u>2014</u>
Assets	\$34,954,286	\$35,970,263
Liabilities	8,486,363	8,912,432
Net Position	\$26,467,923	\$27,057,831

At December 31, 2013 and 2014, respectively, the liabilities above include approximately \$7.9 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.4 and \$7.2 million of unpaid claims to be billed to approximately 957 member governments in the future, as of December 31, 2013 and 2014, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2014, the Township's share of these unpaid claims collectible in future years is approximately \$ 41,000.

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>2013</u>	<u>2014</u>
\$73,789	\$79,701

**AUSTINTOWN TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014 AND 2013
(Continued)**

7. Risk Management – (Continued)

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. Contingent Liabilities

The Township is defendant in a lawsuit. Although management cannot presently determine the outcome of this suit, management believes that the resolution of this matter 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. The grantor 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.

9. Jointly Governed Organizations

ABC Water and Storm Water District – Austintown Township participates in a jointly governed water district with Boardman Township and the City of Canfield. The district formed in 2010 with the intent to sell water to other nearby communities.

Austintown-Boardman Joint Communications District was established pursuant to Chapter 167 of the Ohio Revised Code. Original members of the District shall be Austintown and Boardman Townships. Subsequent membership in the District of other townships and other political subdivisions as provided by law and upon agreement of the parties by amendment of the Original agreement to include any new members.

10. Restatement of Prior Year Balances

During 2014, the fiscal officer made fund balance adjustments totaling \$2,421 to the General and Special Revenue Funds which caused the beginning balance on January 1, 2014 to be greater than the ending balance on December 31, 2013. The following was the effect on the beginning balance at January 1, 2014:

Fund Type	Balance January 1, 2014	Adjustment	Balance January 1, 2014
General	\$1,703,768	\$150	\$1,703,918
Special Revenue	\$2,147,601	\$2,271	\$2,149,872



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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
Youngstown, Ohio 44515

To the Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Austintown Township, Mahoning County, (the Township) as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements and have issued our report thereon dated November 23, 2015, wherein we noted the Township followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Township's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Township's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Township's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2014-001 and 2014-002 described in the accompanying schedule of findings to be material weaknesses.

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, opining 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*.

Entity's Response to Findings

The Township's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Township's responses and, accordingly, we express no opinion on them.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Township's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Township's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

November 23, 2015

**AUSTINTOWN TOWNSHIP
MAHONING COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2014-001

Material Weakness

Cash Reconciliation

The reconciliation of the Township's accounting records to the bank balances is a crucial control process of the Township. Lack of completing an accurate and timely reconciliation allows for the possibility of accounting errors, theft and fraud to occur without timely detection. The Fiscal Officer is responsible for reconciling the Township's book (fund) balance to the total bank balance on a monthly basis.

During our examination of the Township's cash reconciliation process, we identified the following:

- The monthly cash reconciliations were not performed in a timely manner for each year under audit.
- Other adjusting factors in the amounts totaling \$301,284 and \$68,531 for 2013 and 2014 respectively were not supported.

There were no procedures in place to ensure variances identified as adjusting factors were being followed up in a timely manner.

The net effect of these errors resulted in the District's cash fund balances exceeding their bank balances by an initial amount of \$301,284 and \$68,531 for 2013 and 2014, respectively. After additional follow-up procedures were performed by the Township, the amounts were reduced to zero and the depository balances matched the cash fund balances. The financial statements reflect the required adjustments.

The Fiscal Officer should maintain all bank statements and supporting documentation used to prepare the monthly cash reconciliations. This information should be provided to the Board of Trustees for review/approval as part of the oversight process. The Township should continue to investigate their financial records to determine the origin of the variances, and take corrective action to help ensure this situation does not occur in the future.

Official's Response:

The Fiscal Officer and Board of Trustees understand completely the Audit Finding and our responsibilities to have a timely and accurate monthly/yearly cash reconciliation. The variances were reviewed with the Accounting and Payroll staff and corrective action necessary to prevent these variances were discussed and put into action. Monthly reconciliations will be provided to the Board of Trustees for review each month.

FINDING NUMBER 2014-002

Material Weakness

A fiscal officer should keep accurate record of all of the township's accounts and transactions.

The following errors were noted in the recording of receipts and expenditures for 2014 and 2013:

- 1) General Fund Special Assessment receipts for nuisance abatements were posted along with lighting assessment receipts in the Capital Projects Fund. In 2014, a total of \$40,391 was adjusted from the Capital Projects Fund to the General Fund special assessment receipts. In 2013, a total of \$29,247 was adjusted from the Capital Projects Fund special assessments to the General Fund special assessment receipts.
- 2) In 2014 and 2013, the State provided Casino Operator Settlement monies to the township in the amount of \$1,000,000 each year. The township posted \$500,000 each year to the Capital Projects Fund as intergovernmental receipts in the accounting system, but posted \$500,000 to General Fund miscellaneous receipts, as opposed to General Fund intergovernmental revenue. The entire amount of \$500,000 posted to the General Fund in each respective year was reclassified as intergovernmental receipts in the General Fund.
- 3) In 2013, the State of Ohio provided \$14,606 as a reimbursement for a criminal justice grant. This receipt was provided to the township during November 2013, but was not posted until May 2014. The entire amount was adjusted from 2014 and reflected in the 2013 financial statements.
- 4) In 2014, the debt payment of \$9,141 out of the Fire District Fund was reflected as a public safety expenditure but should have been reflected as note principal. The correction to reclassify the debt payment within the Special Revenue Fund was made and is reflected in the 2014 financial statements.
- 5) During the audit period, the Township received on-behalf grants from the Ohio Public Works Commission (OPWC) that were disbursed directly to the contractors. During 2013, we noted three instances totaling \$46,400 where the receipts and disbursements were not posted to the financial accounting system until 2014. The corrections were made to the 2013 and 2014 financial statements to properly reflect these transactions.
- 6) The township received two on-behalf grant payments totaling \$78,471, from the OPWC on June 20, 2014 but did not post the revenue and disbursement amounts to the financial accounting system.

The Township did not have procedures in place to ensure transactions were recorded properly.

All the above transactions have been made to the Township's accounting records when necessary.

We recommend the fiscal officer reference UAN manuals, Ohio Township Manual and Auditor of State Audit Bulletins when posting receipts and processing unusual transactions.

Official's Response:

The errors in receipts and expenditures listed were reviewed and discussed with the Accounting and Payroll staff to make sure that they understood the correct accounting of these revenues and expenditures.

**AUSTINTOWN TOWNSHIP
MAHONING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014 AND 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	Ohio Revised Code 5705.41(D), incurring obligations prior to certification of funds being available.	Yes	

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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
DECEMBER 22, 2015**