



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 of the cash balances, receipts and disbursements by fund type, and related notes of Austintown Township, Mahoning County, (the Township) as of and for the year ended December 31, 2015.

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.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles – (Continued)

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, 2015, or changes in financial position thereof for the year 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, 2015, and its combined cash receipts and disbursements for the year 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 July 20, 2016, 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

July 20, 2016

**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, 2015**

	General	Special Revenue	Capital Projects	Permanent	Totals (Memorandum Only)
Cash Receipts					
Property and Other Local Taxes	\$926,440	\$7,843,455			\$8,769,895
Charges for Services		172,948			172,948
Licenses, Permits and Fees	234,473	100,613			335,086
Fines and Forfeitures	34,459	117,949			152,408
Intergovernmental	829,452	2,402,606	\$98,422		3,330,480
Special Assessments	54,607		169,374		223,981
Earnings on Investments	2,735	331		\$37	3,103
Miscellaneous	17,979	393,199	22,120		433,298
<i>Total Cash Receipts</i>	<u>2,100,145</u>	<u>11,031,101</u>	<u>289,916</u>	<u>37</u>	<u>13,421,199</u>
Cash Disbursements					
Current:					
General Government	809,919	311,305	4,160		1,125,384
Public Safety	5,470	8,446,979			8,452,449
Public Works		2,076,490	3,047		2,079,537
Health	169,475	13,067			182,542
Human Services		336,945			336,945
Conservation-Recreation		414,571			414,571
Capital Outlay	4,169	604,583	898,142		1,506,894
Debt Service:					
Principal Retirement		115,608	46,000		161,608
Interest and Fiscal Charges		4,441	25,148		29,589
<i>Total Cash Disbursements</i>	<u>989,033</u>	<u>12,323,989</u>	<u>976,497</u>	<u>0</u>	<u>14,289,519</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,111,112</u>	<u>(1,292,888)</u>	<u>(686,581)</u>	<u>37</u>	<u>(868,320)</u>
Other Financing Receipts (Disbursements)					
Sale of Capital Assets	3	27,982			27,985
Transfers In		1,749,636	822,770		2,572,406
Transfers Out	(2,572,406)				(2,572,406)
Advances In	3,494,217	2,032,636	79,681		5,606,534
Advances Out	(2,857,317)	(2,605,236)	(99,681)		(5,562,234)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(1,935,503)</u>	<u>1,205,018</u>	<u>802,770</u>	<u>0</u>	<u>72,285</u>
<i>Net Change in Fund Cash Balances</i>	<u>(824,391)</u>	<u>(87,870)</u>	<u>116,189</u>	<u>37</u>	<u>(796,035)</u>
<i>Fund Cash Balances, January 1</i>	<u>2,598,600</u>	<u>1,888,376</u>	<u>181,089</u>	<u>4,536</u>	<u>4,672,601</u>
Fund Cash Balances, December 31					
Nonspendable				4,573	4,573
Restricted		1,772,782	297,278		2,070,060
Committed		27,724			27,724
Unassigned (Deficit)	1,774,209				1,774,209
<i>Fund Cash Balances, December 31</i>	<u>\$1,774,209</u>	<u>\$1,800,506</u>	<u>\$297,278</u>	<u>\$4,573</u>	<u>\$3,876,566</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, 2015**

	Proprietary Fund Types		Fiduciary Fund Types	Totals
	Enterprise	Internal Service	Agency	(Memorandum Only)
Operating Cash Receipts				
Fines and Forfeitures			\$1,003,055	1,003,055
Miscellaneous	\$231,547	\$851,229		1,082,776
<i>Total Operating Cash Receipts</i>	<u>231,547</u>	<u>851,229</u>	<u>1,003,055</u>	<u>2,085,831</u>
Operating Cash Disbursements				
Salaries		538,053		538,053
Employee Fringe Benefits		268,198	540	268,738
Purchased Services	37,503	20,396	30,581	88,480
Supplies and Materials	10,885	7,032		17,917
Other	10,500	305	68,262	79,067
<i>Total Operating Cash Disbursements</i>	<u>58,888</u>	<u>833,984</u>	<u>99,383</u>	<u>992,255</u>
<i>Operating Income (Loss)</i>	<u>172,659</u>	<u>17,245</u>	<u>903,672</u>	<u>1,093,576</u>
Non-Operating Receipts (Disbursements)				
Intergovernmental		2,246		2,246
Miscellaneous Receipts	11,280	24,115	116,385	151,780
Capital Outlay	(58,449)			(58,449)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(47,169)</u>	<u>26,361</u>	<u>116,385</u>	<u>95,577</u>
<i>Income (Loss) before Advances</i>	<u>125,490</u>	<u>43,606</u>	<u>1,020,057</u>	<u>1,189,153</u>
Advances In		745,000		745,000
Advances Out		(789,300)		(789,300)
<i>Net Change in Fund Cash Balances</i>	<u>125,490</u>	<u>(694)</u>	<u>1,020,057</u>	<u>1,144,853</u>
<i>Fund Cash Balances, January 1</i>	<u>215,577</u>	<u>19,261</u>	<u>208,141</u>	<u>442,979</u>
<i>Fund Cash Balances, December 31</i>	<u>\$341,067</u>	<u>\$18,567</u>	<u>\$1,228,198</u>	<u>\$1,587,832</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, 2015
(Continued)**

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.

Public Entity Risk Pool:

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. Note 7 to the financial statements provides additional information for this entity.

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, 2015
(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.

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 cemete

**AUSTINTOWN TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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.

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.

**AUSTINTOWN TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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 2015 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.

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.

**AUSTINTOWN TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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:

	<u>2015</u>
Demand deposits	<u>\$2,241,375</u>
Total deposits	<u>2,241,375</u>
Sweep account	<u>3,223,023</u>
Total investments	<u>3,223,023</u>
Total deposits and investments	<u>\$5,464,398</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 Agreements.

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.

**AUSTINTOWN TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2015 follows:

2015 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,951,714	\$2,100,148	\$148,434
Special Revenue	12,443,718	12,808,719	365,001
Capital Projects	1,157,952	1,112,686	(45,266)
Permanent	12	37	25
Enterprise	213,135	242,827	29,692
Internal Service	910,796	877,590	(33,206)
Fiduciary	103,010	1,119,440	1,016,430
Total	\$16,780,337	\$18,261,447	\$1,481,110

2015 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$3,731,392	\$3,561,439	\$169,953
Special Revenue	13,044,543	12,323,989	720,554
Capital Projects	1,254,321	976,497	277,824
Permanent	1,500	0	1,500
Enterprise	232,500	117,337	115,163
Internal Service	881,566	833,984	47,582
Fiduciary	107,442	99,383	8,059
Total	\$19,253,264	\$17,912,629	\$1,340,635

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.

**AUSTINTOWN TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

5. DEBT

Debt outstanding at December 31, 2015 was as follows:

	Principal	Interest Rate
OPWC SR 46 Sanitary Loan	\$48,751	0%
Communications Equipment Note	696,000	3.50%
Vactor Equipment Lease	226,323	2.25%
Total	\$971,074	

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 over three years.

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

	OPWC SR 46 Sanitary Loan	Communications Equipment Note	Vactor Equipment Lease
Year ending December 31:			
2016	\$3,047	\$71,520	\$117,035
2017	3,047	70,823	117,034
2018	3,047	71,072	
2019	3,047	71,253	
2020	3,047	71,362	
2021-2025	15,235	356,013	
2026-2030	15,235	139,742	
2031-2035	3,046		
Total	\$48,751	\$851,785	\$234,069

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 2015, OP&F participants contributed 11.5% from January 1, 2105 to June 30, 2015, 12.25% from July 1, 2015 to December 31, 2015 of their wages. For 2015, the Township contributed to OP&F an amount equal to 19.5% of full-time police members' wages and 24% of full-time fire fighters' wages, respectively. For 2015, 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, 2015.

**AUSTINTOWN TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

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.

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, 2015, 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, 2015 and 2014:

	<u>2015</u>	<u>2014</u>
Assets	\$37,313,311	\$35,970,263
Liabilities	8,418,518	8,912,432
Net Position	\$28,894,793	\$27,057,831

At December 31, 2015 and 2014, respectively, the liabilities above include approximately \$7.8 and \$8.2 million of estimated incurred claims payable. The assets above also include approximately \$7.7 and \$7.2 million of unpaid claims to be billed to approximately 989 members and 957 member governments in the future, as of December 31, 2015 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, 2015, the Township's share of these unpaid claims collectible in future years is approximately \$45,000.

**AUSTINTOWN TOWNSHIP
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015
(Continued)**

7. RISK MANAGEMENT – (Continued)

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>2015</u>	<u>2014</u>
\$84,646	\$79,701

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.

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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 year ended December 31, 2015, and the related notes to the financial statements and have issued our report thereon dated July 20, 2016, 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 opinions 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.

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 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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*.

101 Central Plaza South, 700 Chase Tower, Canton, Ohio 44702-1509
Phone: 330-438-0617 or 800-443-9272 Fax: 330-471-0001

www.ohioauditor.gov

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.

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

Dave Yost
Auditor of State
Columbus, Ohio

July 20, 2016

**AUSTINTOWN TOWNSHIP
MAHONING COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2015**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2014-001	During testing over the cash reconciliation at the Township several errors were noted.	Yes	
2014-002	The Township incorrectly posted several receipts in 2013 and 2014 that required adjustments.	No	Partially Corrected, we will repeat this issue as a management letter comment.

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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
AUGUST 9, 2016**