



Mary Taylor, CPA
Auditor of State

**AUSTINTOWN TOWNSHIP
MAHONING COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Austintown Township
Mahoning County
82 Ohltown Rd
Austintown, Ohio 44515

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Austintown Township, Mahoning County, Ohio (the Township), as of and for the year ended December 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. . The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Government 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(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Austintown Township, Mahoning County, Ohio, as of December 31, 2006, and the respective changes in cash financial position and the respective budgetary comparison for the General, the Road and Bridge, the Police District, and the Fire District Funds thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

For the year ended December 31, 2006 the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

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In accordance with *Government Auditing Standards*, we have also issued our report dated April 28, 2008, 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.

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

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

Mary Taylor, CPA
Auditor of State

April 28, 2008

Austintown Township
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

This discussion and analysis of the Austintown Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2006, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2006 are as follows:

Net assets of governmental activities increased \$800,137, or 63 percent. The funds most affected by the increase in cash and cash equivalents were the General Fund and Road and Bridges Fund.

The Township's general receipts are primarily property and intergovernmental. These receipts represent \$9,349,979 or 91 percent of the total cash received for the year. Property Tax and intergovernmental receipts for 2006 changed very little compared to 2005.

The Township had no business-type activity.

Using the Basic Financial Statements

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

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Township as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the township-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

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

Austintown Township
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Reporting the Township as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Townships general receipts.

These statements report the Township's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other non-financial factors as well such as the Township's property tax base, the condition of the Township's capital assets and infrastructure, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property.

In the statement of net assets and the statement of activities, we divide the Township into two types of activities:

Governmental activities. Most of the Township's basic services are reported here, including police, fire, streets and parks. Property Taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

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

Reporting the Township's Funds

Fund financial statements provide detailed information about the Township's major funds – not the Township as a whole. The Township establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Township are split into three categories: governmental, proprietary and fiduciary.

Governmental Funds - Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's major governmental funds are the General Fund, Road and Bridge, Police, and Fire. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Austintown Township
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Proprietary Funds – When the Township charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Township has no enterprise funds. When the services are provided to other departments of the Township, the service is reported as an internal service fund. The Township has two internal service funds to account for Vehicle Maintenance and Communication (Dispatch).

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Township's programs.

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2006 compared to 2005 on a cash basis:

(Table 1)

Net Assets

	Governmental Activities	
	2006	2005
Assets		
Cash and Cash Equivalents	\$2,065,372	\$1,265,235
Total Assets	\$2,065,372	\$1,265,235
Net Assets		
Restricted for:		
Capital Outlay	14,770	29,593
Permanent Fund	4,086	4,024
Other Purposes	1,248,178	857,638
Unrestricted	798,338	373,980
Total Net Assets	\$2,065,372	\$1,265,235

As mentioned previously, net assets of governmental activities increased \$800,137, or 63 percent during 2006. The primary reason contributing to this increase in cash balances is:

- An increase in General Fund receipts primarily due to an increase in Inheritance Tax Revenue. The actual amount of Inheritance Tax Revenue was \$592,590, compared to \$150,000 Budgeted.

Table 2 reflects the changes in net assets on a cash basis in 2006.

Austintown Township
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

(Table 2)
Changes in Net Assets

	Governmental Activities	
	2006	2005
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$824,205	\$1,033,037
Operating Grants and Contributions	1,235,227	1,379,651
Capital Grants and Contributions	111,430	417,827
Total Program Receipts	<u>2,170,862</u>	<u>2,830,515</u>
General Receipts:		
Property and Other Local Taxes	6,573,618	6,170,117
Other Taxes	206,924	237,945
Sale of Notes	1,672,000	1,000,000
Sale of Fixed Assets	40,596	700
Special Assessments		
Grants and Entitlements Not Restricted to Specific Programs	1,222,780	823,611
Interest	85,313	29,317
Miscellaneous	181,465	
Total General Receipts	<u>9,982,696</u>	<u>8,261,690</u>
Total Receipts	<u>12,153,558</u>	<u>11,092,205</u>
Disbursements:		
General Government	902,807	1,161,358
Public Safety	6,233,917	5,758,050
Public Works	1,615,793	1,704,803
Public Health Services	206,295	188,957
Leisure Time Activities	329,392	400,098
Other	172,660	91,924
Capital Outlay	793,640	435,568
Principal Retirement	1,051,017	1,000,000
Interest and Fiscal Charges	44,100	11,874
Total Disbursements	<u>11,349,621</u>	<u>10,752,632</u>
Excess (Deficiency) Before Transfers	803,937	339,573
Transfers	(3,800)	(2,031)
Increase (Decrease) in Net Assets	<u>800,137</u>	<u>337,542</u>
Net Assets, January 1, 2006	1,265,235	927,693
Net Assets, December 31, 2006	<u>\$2,065,372</u>	<u>\$1,265,235</u>

Austintown Township
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Program receipts represent 17 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, and building permits and inspection fees.

General receipts represent 83 percent of the Township's total receipts, and of this amount, 66 percent are local taxes. State and federal grants and entitlements make up the balance of the Township's general receipts (12 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of most of the Trustees and Fiscal Officer, as well as building and cemetery upkeep.

Public Safety costs are the costs associated with maintaining and operating the Police, Fire and Communication Departments. Public Works are the costs of maintaining the Township Roads and Storm Water Systems. Public Health Services is mainly the County Health Department; Leisure Time Activities are the costs of maintaining the parks and playing fields.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Public Safety and Public Works account for 59 and 15 percent of all governmental disbursements, respectively. General government also represents a significant cost, about 8 percent. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

	Total Cost of Services 2006	Net Cost of Services 2006	Total Cost of Services 2005	Net Cost of Services 2005
General Government	\$902,807	\$274,376	\$1,161,358	\$318,588
Public Safety	6,233,917	5,578,635	5,758,050	4,994,709
Public Works	1,615,793	857,602	1,704,803	679,197
Public Health Services	206,295	182,713	188,957	158,221
Leisure Time Activities	329,392	224,016	400,098	232,036
Other	172,660	172,660	91,924	91,924
Capital Outlay	793,640	793,640	435,568	435,568
Principal Retirement	1,051,017	1,051,017	1,000,000	1,000,000
Interest and Fiscal Charges	44,100	44,100	11,874	11,874
Total Expenses	\$11,349,621	\$9,178,759	\$10,752,632	\$7,922,117

The dependence upon property and intergovernmental receipts is apparent as over 83 percent of governmental activities are supported through these general receipts.

Business-type Activities

As indicated above, the Township has no business-type activity.

Austintown Township
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

The Township's Funds

Total governmental funds had receipts of \$12,151,479 and disbursements of \$11,324,289. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund increased \$519,445. The increase in the General Fund was largely due to an increase in Inheritance Tax revenue.

General Fund Budgeting Highlights

The Township's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2006, the Township amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were below original budgeted receipts due to unexpected slow growth in tax receipts. The difference between final budgeted receipts and actual receipts was not significant.

Receipts were budgeted at \$2,611,000; actual receipts were \$3,204,242 for a positive variance of \$593,242. Disbursements were budgeted at \$866,010 while actual disbursements were \$845,929 for a positive variance of \$20,081 giving a net positive variance of \$613,323. As stated before this positive variance is largely a result of Inheritance Tax Revenue.

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure, other than an annual inventory valuation of assets.

Debt

At December 31, 2006, the Township had the following outstanding debt:

Road and Bridge	\$72,000
Westchester Fund	\$548,953

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Michael J. Kurish, Fiscal Officer, Austintown Township, 82 Ohltown Road, Austintown, Ohio 44515.

AUSTINTOWN TOWNSHIP, MAHONING COUNTY

Statement of Net Assets - Cash Basis

December 31, 2006

	<u>Governmental Activities</u>
Assets	
Cash	\$ 2,064,372
Investments	1,000
<i>Total Assets</i>	<u><u>2,065,372</u></u>
Net Assets	
Restricted for:	
Capital Projects	14,770
Permanent Fund: For Cemetery Maintenance	
Expendable	3,086
Nonexpendable	1,000
Other Purposes	1,248,178
Unrestricted	798,338
<i>Total Net Assets</i>	<u><u>\$ 2,065,372</u></u>

See accompanying notes to the basic financial statements

AUSTINTOWN TOWNSHIP, MAHONING COUNTY

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2006*

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$ 902,807	\$ 549,074	\$ 66,932	\$ 12,425	\$ (274,376)
Public Safety	6,233,917	86,285	568,997	-	(5,578,635)
Public Works	1,615,793	121,399	537,787	99,005	(857,602)
Health	206,295	22,345	1,237	-	(182,713)
Conservation-Recreation	329,392	45,102	60,274	-	(224,016)
Other	172,660	-	-	-	(172,660)
Capital Outlay	793,640	-	-	-	(793,640)
Debt Service:					
Principal	1,051,017	-	-	-	(1,051,017)
Interest	44,100	-	-	-	(44,100)
<i>Total Governmental Activities</i>	11,349,621	824,205	1,235,227	111,430	(9,178,759)
General Receipts					
Property Taxes					\$ 6,573,618
Other Taxes					206,924
Grants and Entitlements not Restricted to Specific Programs					1,222,780
Sale of Notes					1,672,000
Sale of Fixed Assets					40,596
Cable Franchise Fees					181,465
Earnings on Investments					85,313
<i>Total General Receipts</i>					9,982,696
Transfers					(3,800)
<i>Total General Receipts and Transfers</i>					9,978,896
Change in Net Assets					800,137
<i>Net Assets Beginning of Year</i>					1,265,235
<i>Net Assets End of Year</i>					\$ 2,065,372

See accompanying notes to the basic financial statements

AUSTINTOWN TOWNSHIP, MAHONING COUNTY

Statement of Cash Basis Assets and Fund Balances

Governmental Funds

December 31, 2006

	GENERAL	ROAD AND BRIDGE	POLICE DISTRICT	FIRE DISTRICT	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets						
Cash	\$ 798,338	\$ 404,984	\$ 26,096	\$ 61,375	\$ 685,015	\$ 1,974,808
<i>Total Assets</i>	<u>798,338</u>	<u>404,984</u>	<u>26,096</u>	<u>61,375</u>	<u>685,015</u>	<u>1,975,808</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	2,228	4,486	18,045	10,520	1,874	37,153
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	796,110	-	-	-	-	796,110
Special Revenue Funds	-	400,498	8,051	50,855	664,284	1,123,688
Capital Projects Funds	-	-	-	-	14,770	14,770
Permanent Fund	-	-	-	-	4,087	4,087
<i>Total Fund Balances</i>	<u>\$ 798,338</u>	<u>\$ 404,984</u>	<u>\$ 26,096</u>	<u>\$ 61,375</u>	<u>\$ 685,015</u>	<u>\$ 1,975,808</u>

See accompanying notes to the basic financial statements

AUSTINTOWN TOWNSHIP, MAHONING COUNTY
Statement of Cash Receipts, Disbursements, and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	GENERAL	ROAD AND BRIDGE	POLICE DISTRICT	FIRE DISTRICT	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts						
Property and Other Local Taxes	\$ 755,317	\$ 1,212,898	\$ 2,506,731	\$ 1,565,688	\$ 739,908	\$ 6,780,542
Licenses, Permits and Fees	184,819	-	10,721	-	165,423	360,963
Fines and Forfeitures	16,682	-	-	-	5,542	22,224
Intergovernmental	1,498,368	176,072	327,318	189,351	501,635	2,692,744
Special Assessments	-	-	-	-	46,239	46,239
Earnings on Investments	85,313	-	-	-	11,615	96,928
Miscellaneous	3,146	75,161	45,344	33,535	282,057	439,243
Total Receipts	2,543,645	1,464,131	2,890,114	1,788,574	1,752,419	10,438,883
Disbursements						
Current:						
General Government	577,201	-	-	-	175,782	752,983
Public Safety	82,220	-	3,896,593	2,325,734	1,293	6,305,840
Public Works	-	1,284,061	-	-	387,184	1,671,245
Health	183,209	-	-	-	23,087	206,296
Conservation-Recreation	600	-	-	-	330,552	331,152
Other	-	-	-	-	168,016	168,016
Capital Outlay	470	113,020	33,012	25,406	621,732	793,640
Debt Service:						
Principal Retirement	-	-	300,000	200,000	551,017	1,051,017
Interest and Fiscal Charges	-	-	7,113	4,742	32,245	44,100
Total Disbursements	843,700	1,397,081	4,236,718	2,555,882	2,290,908	11,324,289
Excess of Receipts Over (Under) Disburser:	1,699,945	67,050	(1,346,604)	(767,308)	(538,489)	(885,406)
Other Financing Sources (Uses)						
Sale of Notes	650,000	72,000	550,000	400,000	-	1,672,000
Sale of Fixed Assets	10,597	1,571	27,528	900	-	40,596
Transfers In	-	50,000	700,000	400,000	669,566	1,819,566
Transfers Out	(1,841,097)	-	-	-	-	(1,841,097)
Advances In	875,409	50,000	605,000	210,000	9,457	1,749,866
Advances Out	(875,409)	(50,000)	(605,000)	(210,000)	(9,457)	(1,749,866)
Total Other Financing Sources (Uses)	(1,180,500)	123,571	1,277,528	800,900	669,566	1,691,065
Net Change in Fund Balances	519,445	190,621	(69,076)	33,592	131,077	805,659
Fund Balances Beginning of Year	278,893	214,363	95,172	27,783	553,938	1,170,149
Fund Balances End of Year	\$ 798,338	\$ 404,984	\$ 26,096	\$ 61,375	\$ 685,015	\$ 1,975,808

See accompanying notes to the basic financial statements

AUSTINTOWN TOWNSHIP, MAHONING COUNTY

Statement of Cash Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual -Budget Basis

General Fund

For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 733,000	\$ 733,000	\$ 755,318	\$ 22,318
Licenses, Permits and Fees	187,000	187,000	184,819	(2,181)
Fines and Forfeitures	40,000	40,000	16,682	(23,318)
Intergovernmental	961,000	961,000	1,498,368	537,368
Earnings on Investments	10,000	10,000	85,313	75,313
Miscellaneous	30,000	30,000	3,145	(26,855)
<i>Total receipts</i>	<u>1,961,000</u>	<u>1,961,000</u>	<u>2,543,645</u>	<u>582,645</u>
Disbursements				
Current:				
General Government	557,153	598,591	579,429	19,162
Public Safety	119,000	82,220	82,220	-
Health	162,000	183,209	183,209	-
Conservation-Recreation	-	600	600	-
Capital Outlay	2,110	1,390	471	919
<i>Total Disbursements</i>	<u>840,263</u>	<u>866,010</u>	<u>845,929</u>	<u>20,081</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,120,737</u>	<u>1,094,990</u>	<u>1,697,716</u>	<u>602,726</u>
Other Financing Sources (Uses)				
Sale of Notes	650,000	650,000	650,000	-
Sale of Fixed Assets	-	-	10,597	10,597
Transfers Out	(1,993,165)	(1,967,418)	(1,841,097)	126,321
Advances In	-	-	875,409	875,409
Advances Out	(435,000)	(435,000)	(875,409)	(440,409)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,778,165)</u>	<u>(1,752,418)</u>	<u>(1,180,500)</u>	<u>571,918</u>
<i>Net Change in Fund Balance</i>	(657,428)	(657,428)	517,216	1,174,644
<i>Fund Balance Beginning of Year</i>	273,168	273,168	273,168	-
Prior Year Encumbrances Appropriated	<u>5,725</u>	<u>5,725</u>	<u>5,725</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ (378,535)</u>	<u>\$ (378,535)</u>	<u>\$ 796,109</u>	<u>\$ 1,174,644</u>

See accompanying notes to the basic financial statements

AUSTINTOWN TOWNSHIP, MAHONING COUNTY

Statement of Cash Receipts, Disbursements, and Changes

In Fund Balance - Budget and Actual -Budget Basis

Road and Bridge Fund

For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Receipts				
Property and Other Local Taxes	\$ 1,072,000	\$ 1,072,000	\$ 1,212,898	\$ 140,898
Intergovernmental	168,000	168,000	176,072	8,072
Miscellaneous	59,000	59,000	75,161	16,161
<i>Total receipts</i>	<u>1,299,000</u>	<u>1,299,000</u>	<u>1,464,131</u>	<u>165,131</u>
Disbursements				
Public Works	1,306,625	1,378,359	1,288,547	89,812
Capital Outlay	42,000	113,020	113,020	-
<i>Total Disbursements</i>	<u>1,348,625</u>	<u>1,491,379</u>	<u>1,401,567</u>	<u>89,812</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(49,625)</u>	<u>(192,379)</u>	<u>62,564</u>	<u>254,943</u>
Other Financing Sources (Uses)				
Sale of Notes	-	-	72,000	72,000
Sale of Fixed Assets	-	-	1,571	1,571
Transfers In	-	50,000	50,000	-
Transfers Out	(75,000)	(54,246)	-	54,246
Advances In	-	-	50,000	50,000
Advances Out	-	-	(50,000)	(50,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(75,000)</u>	<u>(4,246)</u>	<u>123,571</u>	<u>127,817</u>
<i>Net Change in Fund Balance</i>	<u>(124,625)</u>	<u>(196,625)</u>	<u>186,135</u>	<u>382,760</u>
<i>Fund Balance Beginning of Year</i>	<u>209,687</u>	<u>209,687</u>	<u>209,687</u>	<u>-</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>4,675</u>	<u>4,675</u>	<u>4,675</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 89,737</u>	<u>\$ 17,737</u>	<u>\$ 400,497</u>	<u>\$ 382,760</u>

See accompanying notes to the basic financial statements

AUSTINTOWN TOWNSHIP, MAHONING COUNTY

Statement of Cash Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual -Budget Basis

Police District Fund

For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 1,986,000	\$ 1,986,000	\$ 2,756,731	\$ 770,731
Licenses, Permits and Fees	2,000	2,000	10,721	8,721
Intergovernmental	427,000	427,000	327,318	(99,682)
Miscellaneous	25,000	25,000	45,344	20,344
<i>Total receipts</i>	<u>2,440,000</u>	<u>2,440,000</u>	<u>3,140,114</u>	<u>700,114</u>
Disbursements				
Current:				
Public Safety	3,905,173	3,922,161	3,914,638	7,523
Capital Outlay	-	33,012	33,012	-
Debt Service:				
Principal Retirement	-	300,000	300,000	-
Interest and Fiscal Charges	-	7,113	7,113	-
<i>Total Disbursements</i>	<u>3,905,173</u>	<u>4,262,286</u>	<u>4,254,763</u>	<u>7,523</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,465,173)</u>	<u>(1,822,286)</u>	<u>(1,114,649)</u>	<u>707,637</u>
Other Financing Sources (Uses)				
Sale of Notes	550,000	550,000	550,000	-
Sale of Fixed Assets	-	-	27,528	27,528
Transfers In	830,000	830,000	700,000	(130,000)
Advances In	-	-	605,000	605,000
Advances Out	-	-	(605,000)	(605,000)
<i>Total Other Financing Sources (Uses)</i>	<u>1,380,000</u>	<u>1,380,000</u>	<u>1,277,528</u>	<u>(102,472)</u>
<i>Net Change in Fund Balance</i>	(85,173)	(442,286)	162,879	605,165
<i>Fund Balance Beginning of Year</i>	(173,981)	(173,981)	(173,981)	-
Prior Year Encumbrances Appropriated	19,153	19,153	19,153	-
<i>Fund Balance End of Year</i>	<u>\$ (240,001)</u>	<u>\$ (597,114)</u>	<u>\$ 8,051</u>	<u>\$ 605,165</u>

See accompanying notes to the basic financial statements

AUSTINTOWN TOWNSHIP, MAHONING COUNTY

Statement of Cash Receipts, Disbursements and Changes

In Fund Balance - Budget and Actual -Budget Basis

Fire District Fund

For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$ 1,236,000	\$ 1,236,000	\$ 1,765,688	\$ 529,688
Licenses, Permits and Fees	20,000	20,000	-	(20,000)
Intergovernmental	256,000	256,000	189,351	(66,649)
Miscellaneous	26,010	26,010	33,535	7,525
<i>Total receipts</i>	<u>1,538,010</u>	<u>1,538,010</u>	<u>1,988,574</u>	<u>450,564</u>
Disbursements				
Current:				
Public Safety	2,443,373	2,422,752	2,336,254	86,498
Capital Outlay	9,008	29,629	25,406	4,223
Debt Service:				
Principal Retirement	-	200,000	200,000	-
Interest and Fiscal Charges	-	4,742	4,742	-
<i>Total Disbursements</i>	<u>2,452,381</u>	<u>2,657,123</u>	<u>2,566,402</u>	<u>90,721</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(914,371)</u>	<u>(1,119,113)</u>	<u>(577,828)</u>	<u>541,285</u>
Other Financing Sources (Uses)				
Sale of Notes	400,000	400,000	400,000	-
Sale of Fixed Assets	-	-	900	900
Transfers In	500,000	500,000	400,000	(100,000)
Advances In	-	-	210,000	210,000
Advances Out	-	-	(210,000)	(210,000)
<i>Total Other Financing Sources (Uses)</i>	<u>900,000</u>	<u>900,000</u>	<u>800,900</u>	<u>(99,100)</u>
<i>Net Change in Fund Balance</i>	(14,371)	(219,113)	223,072	442,185
<i>Fund Balance Beginning of Year</i>	(182,798)	(182,798)	(182,798)	-
<i>Prior Year Encumbrances Appropriated</i>	<u>10,581</u>	<u>10,581</u>	<u>10,581</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ (186,588)</u>	<u>\$ (391,330)</u>	<u>\$ 50,855</u>	<u>\$ 442,185</u>

See accompanying notes to the basic financial statements

AUSTINTOWN TOWNSHIP, MAHONING COUNTY

Statement of Fund Net Assets - Cash Basis

Proprietary Funds

December 31, 2006

	<u>INTERNAL SERVICES</u>
Assets	
Cash	\$ 89,565
Total Assets	<u>89,565</u>
Net Assets	
Restricted for:	
Other Purposes	89,565
<i>Total Net Assets</i>	<u>\$ 89,565</u>

See accompanying notes to the basic financial statements

AUSTINTOWN TOWNSHIP, MAHONING COUNTY
*Statement of Cash Receipts,
Disbursements, and Changes in Fund Net Assets - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2006*

	INTERNAL SERVICE TOTAL
Operating Receipts	
Other Operating Receipts	\$612,128
<i>Total Operating Receipts</i>	612,128
Operating Disbursements	
Salaries	377,030
Employee Fringe Benefits	235,501
Purchased Services	17,434
Supplies and Materials	5,259
Other	2,238
<i>Total Operating Disbursements</i>	637,462
<i>Operating Income (Loss)</i>	(25,334)
Non-Operating Receipts (Disbursements)	
Intergovernmental	2,081
<i>Total Non-Operating Receipts (Disbursements)</i>	2,081
<i>Income (Loss) before Transfers and Advances</i>	(23,253)
Transfers In	17,731
<i>Change in Net Assets</i>	(5,522)
<i>Net Assets Beginning of Year</i>	95,087
<i>Net Assets End of Year</i>	\$ 89,565

See accompanying notes to the basic financial statements

AUSTINTOWN TOWNSHIP, MAHONING COUNTY

Statement of Fiduciary Net Assets - Cash Basis

Fiduciary Funds

December 31, 2006

	<u>Agency</u>
Assets	
Cash	\$ 21,075
<i>Total Assets</i>	<u>21,075</u>
Net Assets	
Restricted for:	
Other Purposes	<u>21,075</u>
<i>Total Net Assets</i>	<u>\$ 21,075</u>

See accompanying notes to the basic financial statements

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Note 1 – Reporting Entity

The Austintown Township, Mahoning County, Ohio (the Township), is a body politic and corporate established in 1823 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

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

A. Primary Government

The primary government consists of all funds and departments that are not legally separate from 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.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Township, are accessible to the Township and are significant in amount to the Township.

The Township has no component units.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Township does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

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

Note 2 – Summary of Significant Accounting Policies - (Continued)

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” receipts and disbursements. The statements distinguish between those activities of the Township that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Township at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as nonoperating.

B. Fund Accounting

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

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. Monies are assigned to the various governmental funds according to the purpose for which they may or must be used. The following are the Townships major governmental funds:

General Fund - The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

Note 2 – Summary of Significant Accounting Policies - (Continued)

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

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.

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

Proprietary Funds

The Township classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Township has no major enterprise funds at this time.

Internal Service Fund - Internal service funds account for services provided by one department of the Township to another on a cost-reimbursement basis. The Township's internal service fund accounts are for Maintenance (Vehicle) and Communication (Fire and Police).

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs. The Township's agency fund accounts for Unclaimed Funds and Employee's contributions to their flexibly spending accounts.

C. Basis of Accounting

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

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Township may appropriate.

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

Note 2 – Summary of Significant Accounting Policies - (Continued)

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

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

E. Cash and Investments

Township records identify the purchase of specific investments by specific funds.

To improve cash management, cash received by the Township is pooled and invested. Individual fund integrity is maintained through Township records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts, respectively.

During 2006, the Township invested in nonnegotiable certificates of deposit, checking accounts and an associated sweep account. The nonnegotiable certificates of deposit are reported at cost.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2006 was \$85,313.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent Capital Projects, Debt Service, Cemetery Maintenance and Other Purposes.

G. Inventory and Prepaid Items

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

H. Capital Assets

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

Note 2 – Summary of Significant Accounting Policies - (Continued)

I. Interfund Receivables/Payables

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

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

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

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for Gasoline Tax. The Township's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund and any major special revenue fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$2,228 for the General Fund and \$33,051 for the major special revenue funds.

Note 4 – Deposits and Investments

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

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

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

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

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

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

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

Austintown Township
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 4 - Deposits and Investments - (Continued)

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$1,961,382 of the Township's bank balance of \$2,245,328 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Note 5 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2005, were levied after October 1, 2005, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2006 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The full tax rate for all Township operations for the year ended December 31, 2006, was \$18.10 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2006 property tax receipts were based are as follows:

Real Property	
Residential & Agricultural	\$437,644,900
Commercial/Industrial/Mineral	143,353,560
Tangible Personal Property	37,306,692
Public Utility	14,127,740
Total Assessed Value	<u><u>\$632,432,892</u></u>

Note 6 – 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. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For an occurrence prior to January 1, 2006 OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence, including loss adjustment expenses. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust OTARMA's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (for claims prior to January 1, 2006) or \$3,000,000 (for claims on or after January 1, 2006) as noted above.

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Austintown Township
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 6 – Risk Management – (Continued)

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, 2006.

<u>Casualty Coverage</u>	<u>2006</u>
Assets	\$32,031,312
Liabilities	<u>(11,443,952)</u>
Retained earnings	<u>\$20,587,360</u>
 <u>Property Coverage</u>	 <u>2006</u>
Assets	\$10,010,963
Liabilities	<u>(676,709)</u>
Retained earnings	<u>\$9,334,254</u>

At December 31, 2006 casualty coverage liabilities noted above include approximately \$10.8 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$10.8 million of unpaid claims to be billed to approximately 958 member governments in the future, as of December 31, 2006. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$119,466. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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>Year</u>	<u>Contribution</u>
2006	\$77,997
2005	76,696
2004	70,150

Note 7 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

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

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

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

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.00 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.10 percent of their annual covered salary; members in public safety contributed 9.00 percent. The Township's contribution rate for pension benefits for 2006 was 13.70 percent, except for those plan members in law enforcement or public safety. For those classifications, the Township's pension contributions were 16.93 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$937,467, \$965,867, and \$929,950 respectively. The full amount has been contributed for 2006, 2005 and 2004. Contributions to the member-directed plan for 2006 were \$578,152 made by the Township and \$359,315 made by the plan members.

B. Ohio Police and Fire Pension Fund

The Township contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10.00 percent of their annual covered salary to fund pension obligations while the Township is required to contribute 24 percent for firefighters. Contributions are authorized by State statute. The Township's contributions to the Fund for firefighters were \$240,638 for the year ended December 31, 2006, \$243,438 for the year ended December 31, 2005 and \$230,394 for the year ended December 31, 2004. The full amount has been contributed for 2006, 2005 and 2004.

Note 8 - Post employment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.70 percent of covered payroll (16.93 percent for public safety and law enforcement); 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

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

The number of active contributing participants in the traditional and combined plans was 381,464. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$1,167,967,572. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, were \$13.20 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$61,146,000 and \$6,673,000, respectively.

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

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis.

The total firefighter contribution rate is 34.00 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2006 and 2005. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

Austintown Township
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 8 - Post employment Benefits - (Continued)

The Township's actual contributions for 2006 that were used to fund postemployment benefits were \$18,649 for firefighters. The OP&F's total health care expense for the year ended December 31, 2005 (the latest information available) was \$163,300,000, which was net of member contributions of \$1,642,677,095. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005, was 13,955 for police and 10,609 for firefighters.

Note 9 - Notes Payable

A summary of the note transactions for the year ended December 31, 2006, follows:

	Interest Rate	Balance December 31, 2005	Additions	Reductions	Balance December 31, 2006
<u>Governmental Activities</u>					
2006 Issue	5.250%	\$0	\$ 72,000	\$0	\$ 72,000
2006 Issue	7.250%	\$0	\$600,000	\$51,017	\$ 548,983
<u>Bond Anticipation Note</u>					
2006 Issue	4.875%	\$0	\$500,000	\$500,000	\$0
2006 Issue	4.850%	\$0	\$500,000	\$500,000	\$0

Notes were issued to allow the Township to meet cash flow shortages caused by the timing of property tax collection.

Note 10 – Interfund Transfers

During 2006 the following transfers were made:

Transfers from the General Fund to:	
Major Governmental Fund	\$1,150,000
Other Governmental Funds	669,566
Internal Service Funds	17,731
Agency Fund	3,800
Total Transfers from the General Fund	<u>\$1,841,097</u>

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



Mary Taylor, CPA

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 Rd
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, 2006, and have issued our report thereon dated April 28, 2007 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 uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. 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 expressing our opinion on the financial statements, but not to opine 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 control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

**Internal Control Over Financial Reporting
(Continued)**

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

We noted certain matters that we reported to the Township's management in a separate letter dated April 28, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain noncompliance or other matter that we reported to the Township's management in a separate letter dated April 28, 2008.

We intend this report solely for the information and use of the management, Board of Trustees. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

April 28, 2008



Mary Taylor, CPA
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
JUNE 10, 2008**