



Mary Taylor, CPA
Auditor of State

**CANFIELD TOWNSHIP
MAHONING COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Canfield Township
Mahoning County
21 South Broad Street
Canfield, Ohio 44406

To the Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Canfield Township, Mahoning County, Ohio (the Township), as of and for the year ended December 31, 2007, 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 Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(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 Canfield Township, Mahoning County, Ohio, as of December 31, 2007, and the respective changes in cash financial position and the respective budgetary comparison for the General, Road District and Zoning Funds thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

For the year ended December 31, 2007, the Township revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 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 not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Mary Taylor, CPA
Auditor of State

December 4, 2008

Canfield Township
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

This discussion and analysis of Canfield Township (the Township) financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2007, 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 2007 are as follows:

The net assets of governmental activities increased by \$90,836 from the prior year.

The General Fund subsidized the Road Fund by \$210,000, which represents a increase of \$90,000 from prior year.

The Township's general receipts are primarily property taxes that represent about 49 percent of the total cash received for governmental activities during the year. Property tax/other local tax receipts for 2007 were \$814,398 compared to \$786,803 in 2006, for a difference of \$27,595 that includes the bed-tax of \$139,638.

The Zoning Department continues to be a challenge due to the continuing decrease in single family home construction.

Contract for police protection by the Mahoning County Sheriff's Dept. had a modest increase of \$2,125 from the previous year.

Using the Basic Financial Statements

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

Report Components

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

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

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

Canfield Township
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Basis of Accounting

The statement of net assets and the statement of activities provide information about the cash activities of the Township as a whole. Canfield Township has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Township's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the Government as a Whole

The statement of net assets and the statement of activities reflect how the Township did financially during 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental type activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program type activity. Program receipts include charges paid by the recipient of the program's 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 type activity draws from the Township's 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 extent of the Township's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property taxes.

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

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

Business-type activity. Canfield Township has no business-type activity.

Canfield Township
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Reporting the Government's Most Significant Funds

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

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

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

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 has one Agency Fund to act as escrow agent for fire debris removal claims. Funds are held generally for a short time.

The Government as a Whole

Table 1 provides a summary of the Township's net assets for 2007 compared to 2006 on a modified cash basis:

	Governmental Activities	
	2007	2006
Assets		
Cash and Cash Equivalents	\$314,642	\$474,647
Investments	4,280,287	4,029,446
Total Assets	\$4,594,929	\$4,504,093
Net Assets		
Restricted for:		
Other Purposes	472,236	517,578
Unrestricted	4,122,693	3,986,515
Total Net Assets	\$4,594,929	\$4,504,093

Canfield Township
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

As mentioned previously, the net assets of governmental activities increased \$90,836. The primary reasons contributing to the increase in cash balances are as follows:

- The Township received inheritance tax in the amount of \$128,041 that was not anticipated since this tax is being faced out.
- The Township received insurance proceeds in the amount of \$22,000 for fire losses that were held in escrow.

Table 2 reflects the changes in net assets on a cash basis in 2007 and 2006 for governmental activities.

	Changes in Net Assets	
	Governmental Activities	
	<u>2007</u>	<u>2006</u>
Receipts:		
Program Receipts:		
Charges for Service	112,412	194,417
Operating Grants and Contributions	192,750	176,205
Total Program Receipts	<u>305,162</u>	<u>370,622</u>
General Receipts:		
Property and Other Local Taxes	814,398	786,803
Sale of Notes	0	856,000
Intergovernmental	280,749	276,550
Earnings on Investments	213,278	184,706
Miscellaneous	52,893	60,422
Total General Receipts	<u>1,361,318</u>	<u>2,164,481</u>
Total Receipts	<u>1,666,480</u>	<u>2,535,103</u>
Disbursements:		
General Government	486,133	440,669
Public Safety	229,928	222,799
Public Works	634,330	630,781
Health	57,065	47,504
Capital Outlay	40,176	917,828
Debt Service		
Principal Retirement	25,953	28,071
Interest and Fiscal Charges	40,953	5,381
Other	61,106	0
Total Disbursements	<u>1,575,644</u>	<u>2,293,033</u>
Excess (Deficiency) Before Transfers	<u>90,836</u>	<u>242,070</u>
Increase (Decrease) in Net Assets	90,836	242,070
Net Assets, January 1, 2007	<u>4,504,093</u>	<u>4,262,023</u>
Net Assets, December 31, 2007	<u>\$4,594,929</u>	<u>\$4,504,093</u>

Program receipts represent 18 percent of total receipts comprised of restricted intergovernmental receipts such as motor vehicle license tax and gas tax money.

General receipts represent 82 percent of the Township's total receipts. Other receipts are 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 the Board of Trustees, and the Fiscal Officer. Since these costs do not represent direct services to residents, we try to limit these costs.

Security of Persons and Property are the costs of police, Public Health Services are the costs for the health department and Transportation is the cost of maintaining the roads.

Canfield Township
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Governmental Activities

If you look at the Statement of Activities on page 10, 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 general government, public safety, and public works, which account for \$1,350,391 and 86 percent of all governmental disbursements, respectively. General government represents a significant cost of about 31 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.

Governmental Activities		
	Total Cost Of Services	Net Cost of Services
	2007	2007
General Government	\$486,133	\$381,115
Public Safety	229,928	229,928
Public Works	634,330	441,581
Health	57,065	49,671
Other	61,106	61,106
Capital Outlay	40,176	40,176
Debt Service:		
Principal Retirement	25,953	25,953
Interest and Fiscal Charges	40,953	40,953
Total Expenses	\$1,575,644	\$1,270,483

The dependence upon property tax receipts is apparent as over 52% of governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$1,666,480 and disbursements of \$1,575,644. The greatest change within governmental funds occurred within the General Fund. The General Fund balance increased by \$136,178 mainly as a result estate tax and overall investments.

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 2007, the Township amended its General Fund budget two times to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts due to unexpected estate tax, bed tax and investments revenue. Although the difference between final budgeted receipts and actual receipts was not significant, the increase was due to the factors stated above.

The Township's spending was below budgeted amounts because it did not complete one Issue II project, or built the administrative office as originally budgeted.

Canfield Township
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure. The Township has acquired a software package to accomplish this task and is in the process of entering the necessary information.

Debt

At December 31, 2007, the Township has outstanding debt of \$801,976.

Current Issues

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. The Board has reviewed the disbursement history of the Township.

Our newly prepared financial forecast continues to predict deficit spending in the Road Fund. This is a situation that has existed for several years as the fund becomes more accountable for its own expenses.

The Board is confident that construction of single family units will begin to increase again and anticipates an increase in commercial construction. The Board implemented the Bed Tax, which is being used to reduce the debt. Although the Zoning Department needs to be closely watched, the Board has reviewed our sources of revenue and determined that increases are likely in property taxes/local taxes and in building permits and fees. There are no plans to reduce staffing levels and there are no areas at this time that can be reduced.

Contacting the Government'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 Carmen I. Heasley, Fiscal Officer, Canfield Township, Mahoning County, at 21 South Broad St., Canfield, Ohio 44406.

Canfield Township, Mahoning County
Statement of Net Assets - Cash Basis
December 31, 2007

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$314,642
Investments	<u>4,280,287</u>
<i>Total Assets</i>	<u><u>\$4,594,929</u></u>
Net Assets	
Restricted for:	
Other Purposes	472,236
Unrestricted	<u>4,122,693</u>
<i>Total Net Assets</i>	<u><u>\$4,594,929</u></u>

See accompanying notes to the basic financial statements

Canfield Township, Mahoning County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2007

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Total
Governmental Activities					
General Government	\$486,133	\$105,018		(\$381,115)	(\$381,115)
Public Safety	229,928			(229,928)	(229,928)
Public Works	634,330		192,750	(441,580)	(441,580)
Health	57,065	7,394		(49,671)	(49,671)
Other	61,106			(61,106)	(61,106)
Capital Outlay	40,176			(40,176)	(40,176)
Debt Service	66,906			(66,906)	(66,906)
<i>Total Governmental Activities</i>	1,575,644	112,412	192,750	(1,270,482)	(1,270,482)
Total	<u>\$1,575,644</u>	<u>\$112,412</u>	<u>\$192,750</u>	<u>(1,270,482)</u>	<u>(1,270,482)</u>
General Receipts					
Property Taxes Levied for:					
General Purposes				814,398	814,398
Grants and Entitlements not Restricted to Specific Programs				280,749	280,749
Interest				213,278	213,278
Miscellaneous				52,893	52,893
<i>Total General Receipts</i>				1,361,318	1,361,318
Change in Net Assets				90,836	90,836
<i>Net Assets Beginning of Year</i>				4,504,093	4,504,093
<i>Net Assets End of Year</i>				<u>\$4,594,929</u>	<u>\$4,594,929</u>

See accompanying notes to the basic financial statements

Canfield Township, Mahoning County
Statement of Cash Basis Assets and Fund Balances
 Governmental Funds
 December 31, 2007

	General	Road District	Zoning	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$142,406	\$31,806	\$28,737	\$111,693	\$314,642
Investments	3,980,287		37,672	262,328	4,280,287
<i>Total Assets</i>	<u>\$4,122,693</u>	<u>\$31,806</u>	<u>\$66,409</u>	<u>\$374,021</u>	<u>\$4,594,929</u>
Fund Balances					
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	4,122,693				4,122,693
Special Revenue Funds		31,806	66,409	374,021	472,236
<i>Total Fund Balances</i>	<u>\$4,122,693</u>	<u>\$31,806</u>	<u>\$66,409</u>	<u>\$374,021</u>	<u>\$4,594,929</u>

See accompanying notes to the basic financial statements

Canfield Township, Mahoning County
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
 Governmental Funds
 For the Year Ended December 31, 2007

	General	Road District	Zoning	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$596,331	\$126,801		\$73,186	\$796,318
Licenses, Permits and Fees			105,018	3,494	108,512
Intergovernmental	274,749			139,100	413,849
Special Assessments				77,730	77,730
Interest	209,898			3,380	213,278
Other	50,484		1,584	4,725	56,793
<i>Total Receipts</i>	<u>1,131,462</u>	<u>126,801</u>	<u>106,602</u>	<u>301,615</u>	<u>1,666,480</u>
Disbursements					
Current:					
General Government	330,310		155,823		486,133
Public Safety	224,928			5,000	229,928
Public Works	47,044	316,259		271,027	634,330
Health	44,191			12,875	57,066
Capital Outlay	10,800	29,376			40,176
Debt Service:					
Principal Retirement				25,953	25,953
Interest and Fiscal Charges				40,953	40,953
<i>Total Disbursements</i>	<u>657,273</u>	<u>345,635</u>	<u>155,823</u>	<u>355,808</u>	<u>1,514,539</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>474,189</u>	<u>(218,834)</u>	<u>(49,221)</u>	<u>(54,193)</u>	<u>151,941</u>
Other Financing Sources (Uses)					
Notes Issued					0
Transfers In		210,000		66,906	276,906
Transfers Out	(276,906)				(276,906)
Advances In	1,500			1,500	3,000
Advances Out	(1,500)			(1,500)	(3,000)
Other Financing Uses	(61,105)				(61,105)
<i>Total Other Financing Sources (Uses)</i>	<u>(338,011)</u>	<u>210,000</u>	<u>0</u>	<u>66,906</u>	<u>(61,105)</u>
<i>Net Change in Fund Balances</i>	136,178	(8,834)	(49,221)	12,713	90,836
<i>Fund Balances Beginning of Year</i>	<u>3,986,515</u>	<u>40,640</u>	<u>115,630</u>	<u>361,308</u>	<u>4,504,093</u>
<i>Fund Balances End of Year</i>	<u>\$4,122,693</u>	<u>\$31,806</u>	<u>\$66,409</u>	<u>\$374,021</u>	<u>\$4,594,929</u>

See accompanying notes to the basic financial statements

Canfield Township, Mahoning County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2007

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$594,411	\$605,411	\$596,331	(\$9,080)
Intergovernmental	128,320	259,467	274,749	15,282
Interest	160,000	160,000	209,898	49,898
Other	10,000	10,000	50,484	40,484
<i>Total receipts</i>	<u>892,731</u>	<u>1,034,878</u>	<u>1,131,462</u>	<u>96,584</u>
Disbursements				
Current:				
General Government	442,700	449,036	330,310	118,726
Public Safety	225,000	225,000	224,928	72
Public Works	66,500	66,500	47,044	19,456
Health	98,000	91,664	44,191	47,473
Capital Outlay	1,245,000	1,225,000	10,800	1,214,200
<i>Total Disbursements</i>	<u>2,077,200</u>	<u>2,057,200</u>	<u>657,273</u>	<u>1,399,927</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,184,469)</u>	<u>(1,022,322)</u>	<u>474,189</u>	<u>1,496,511</u>
Other Financing Sources (Uses)				
Transfers Out	(400,000)	(400,000)	(276,906)	123,094
Advances In	0	0	1,500	1,500
Advances Out	(100,000)	(100,000)	(1,500)	98,500
Other Financing Uses	(50,000)	(70,000)	(61,105)	8,895
<i>Total Other Financing Sources (Uses)</i>	<u>(550,000)</u>	<u>(570,000)</u>	<u>(338,011)</u>	<u>231,989</u>
<i>Net Change in Fund Balance</i>	(1,734,469)	(1,592,322)	136,178	1,728,500
<i>Fund Balance Beginning of Year</i>	<u>3,986,515</u>	<u>3,986,515</u>	<u>3,986,515</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$2,252,046</u>	<u>\$2,394,193</u>	<u>\$4,122,693</u>	<u>\$1,728,500</u>

See accompanying notes to the basic financial statements.

Canfield Township, Mahoning County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road District Fund
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$109,522	\$125,946	\$126,801	\$855
<i>Total receipts</i>	<u>109,522</u>	<u>125,946</u>	<u>126,801</u>	<u>855</u>
Disbursements				
Current:				
Public Works	352,300	341,022	316,259	24,763
Capital Outlay	35,000	35,000	29,376	5,624
<i>Total Disbursements</i>	<u>387,300</u>	<u>376,022</u>	<u>345,635</u>	<u>30,387</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(277,778)</u>	<u>(250,076)</u>	<u>(218,834)</u>	<u>31,242</u>
Other Financing Sources (Uses)				
Transfers In	240,000	210,000	210,000	0
<i>Total Other Financing Sources (Uses)</i>	<u>240,000</u>	<u>210,000</u>	<u>210,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(37,778)	(40,076)	(8,834)	31,242
<i>Fund Balance Beginning of Year</i>	<u>40,640</u>	<u>40,640</u>	<u>40,640</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,862</u></u>	<u><u>\$564</u></u>	<u><u>\$31,806</u></u>	<u><u>\$31,242</u></u>

See accompanying notes to the basic financial statements.

Canfield Township, Mahoning County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Zoning Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Licenses, Permits and Fees	160,000	96,000	105,018	9,018
Other	50	1,548	1,584	36
<i>Total receipts</i>	160,050	97,548	106,602	9,054
Disbursements				
Current:				
General Government	194,700	194,700	155,823	38,877
Capital Outlay	5,000	5,000	0	5,000
<i>Total Disbursements</i>	199,700	199,700	155,823	43,877
<i>Excess of Receipts Over (Under) Disbursements</i>	(39,650)	(102,152)	(49,221)	52,931
<i>Net Change in Fund Balance</i>	(39,650)	(102,152)	(49,221)	52,931
<i>Fund Balance Beginning of Year</i>	115,630	115,630	115,630	0
<i>Fund Balance End of Year</i>	\$75,980	\$13,478	\$66,409	\$52,931

See accompanying notes to the basic financial statements.

Canfield Township, Mahoning County
Statement of Fiduciary Net Assets - Cash Basis
Fiduciary Funds
December 31, 2007

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$6,000</u>
<i>Total Assets</i>	<u><u>\$6,000</u></u>
Net Assets	
Restricted for:	
Other Purposes	<u><u>\$6,000</u></u>

See accompanying notes to the basic financial statements

Note 1 – Reporting Entity

Canfield Township, Mahoning County, Ohio (the Township), is a body politic and corporate established in 1798 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected three-member Board of Trustees directs the Township. The Township also has an elected Township Fiscal Officer.

The reporting entity is comprised of the primary government.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. A joint fire district exists without involvement from the Township or City for fire protection. The Mahoning County Sheriff's Department provides police protection by yearly contract.

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 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 modified cash basis of accounting. In the government-wide financial statements, 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 modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

A. Basis of Presentation

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

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 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.

Note 2 – Summary of Significant Accounting Policies (continued)

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

Proprietary fund statements distinguish operating transactions from non operating 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.

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. The Township has three major governmental funds: the General Fund, Road District Fund (Road department resources), and Zoning Fund (Zoning department resources). 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.

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

Note 2 – Summary of Significant Accounting Policies (continued)

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 has no pension trust funds, investment trust or private purpose trust funds.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township has one Agency Fund to act as escrow agent for fire debris removal claims and funds are held generally for a short time.

C. Basis of Accounting

The Township's financial statements are prepared using the cash basis of accounting. Except for modifications having substantial support, 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. Any such modifications made by the Township are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

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

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

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

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution 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.

Note 2 – Summary of Significant Accounting Policies (continued)

E. Cash and Investments

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

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2007, the Township invested in nonnegotiable certificates of deposit, a money market/sweep account, and STAR Ohio. The nonnegotiable certificates of deposit are reported at cost. The Township’s money market/sweep checking account investment records interest paid on a monthly basis.

STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on December 31, 2007.

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 2007 was \$209,898, which includes \$718 assigned from other Township funds.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets are comprised of those fund balances in the Township’s major funds and other funds, excluding the General Fund. Those assets are restricted for use within the respective funds. The total restricted amount for all funds under these constraints was \$472,236.

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 8 and 9, 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 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 recycling and road improvements and maintenance.

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

N. Fund Balance Reserves

The Township reserves any portion of fund balances that is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. There was no fund balance reserves established.

O. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts. The Township has no business-type activities.

Note 2 – Summary of Significant Accounting Policies (continued)

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 – Change in Basis of Accounting and Restatement of Fund Equity

The Township does not currently track its capital assets and infrastructure. The Township has acquired a software package to accomplish this task and is in the process of entering the necessary information.

Note 4 – 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, Road District fund and the Zoning 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 (modified cash basis). The Township has no encumbrances outstanding at year-end.

Note 5 – 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.

Canfield Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 5 - Deposits and Investments (continued)

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.

At year end, the Township had no un-deposited cash on hand.

Deposits

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.

Canfield Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 5 - Deposits and Investments (continued)

Investments

The Township's investment policy does not address specific types of risk that it can be exposed to. The Township's investment policy is limited to complying with state statute.

As of December 31, 2007, the Township had the following investments:

	<u>Carrying Value</u>	<u>Maturity</u>
Repurchase Agreement	\$ 500,000	2/22/08
Repurchase Agreement	\$ 500,000	2/22/08
Repurchase Agreement	\$ 500,000	2/22/08
23 Month CD	\$ 451,790	2/22/08
48 Month CD	\$ 582,440	2/27/08
60 Month CD	\$ 501,578	6/11/08
STAR Ohio	<u>\$1,244,479</u>	
Total Portfolio	<u>\$4,280,287</u>	

Interest rate risk arises because the fair value of investments changes as interest rates change. The Township's investment policy does not address interest rate risk.

STAR Ohio carries a rating of AAAM by Standard and Poor's. The Township's investment policy is limited to requiring compliance with state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township has no investment policy dealing with custodial risk.

Note 6 – 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 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, 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 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2006, were levied after October 1, 2006, 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 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. 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

Canfield Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 6 – Property Taxes (continued)

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, 2007, was \$2.722 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property:	
Residential/ Agriculture	\$233,932,520
Commercial/Industrial/Mineral	34,621,110
Public Utility Property:	
Real	0
Personal	3,135,008
Tangible Personal Property	5,528,340
Total Assessed Value	<u>\$277,216,978</u>

Note 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. 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. 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 PEP'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 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

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.

Canfield Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 7 – Risk Management (continued)

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 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 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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.

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, 2007 and 2006.

	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	<u>(13,357,837)</u>	<u>(12,120,661)</u>
Net Assets	<u>\$29,852,866</u>	<u>\$29,921,614</u>

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. 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 \$13,137. 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>Contributions to OTARMA</u>	
2005	\$15,304
2006	\$18,645
2007	\$13,975

Note 7 – Risk Management (continued)

After completing one year of membership, members may withdraw on each anniversary of the date they joined OTARMA provided they provide written notice to OTARMA 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary 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.

Note 8 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

For the year ended December 31, 2007, the members of all three plans participating in the traditional plan, were required to contribute 9.5 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2007 was 13.85 percent. 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, 2007, 2006, and 2005 were \$106,810, \$92,483 and \$88,207. The full amount has been contributed for 2007, 2006 and 2005.

Canfield Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 9 - Postemployment 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 qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. 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 2007 local government employer contribution rate was 13.85 percent of covered payroll; 5.00 percent of covered payroll from January 1 through June 30, 2007, and 6.00 percent from July 1 to December 31, 2007; was the portion that was used to fund health care.

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between .50 and 5.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market value. 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, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 374,979. The number of active contributing participants for both plans used in the December 31, 2006, actuarial valuation was 362,130. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$38,784. 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, (the latest information available) were \$12 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

Note 10 – Debt

The Township's long-term debt activity for the year ended December 31, 2007, was as follows:

	Interest Rate	Balance December 31, 2006	Additions	Reductions	Balance December 31, 2007	Due Within One Year
<u>Governmental Activities</u>						
Farmers National Bank Promissory Note 2006 Issue (\$856,000)	4.92 %	\$827,929	\$	\$25,953	\$801,976	\$27,130

Canfield Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2007

Note 10 – Debt (continued)

Promissory note was issued on August 15, 2006 for the purchase of parkland on Herbert Road. All note proceeds had been spent at December 31, 2006.

The following is a summary of the Township’s future annual debt service requirements. This amortization is based upon the initial fixed rate of 4.92%. This interest rate may change August 15, 2011 and every five (5) years thereafter pursuant to the promissory note:

Year	G.O. Bonds	
	Principal	Interest
2008	\$27,130	\$39,776
2009	28,612	38,294
2010	30,057	36,849
2011	31,575	35,331
2012	33,076	33,830
2013 – 2017	192,430	142,100
2018 – 2022	246,567	87,963
2023 – 2026	212,529	21,713
Totals	\$801,976	\$435,856

The Ohio Revised Code provides that net general obligation debt of the Township, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Township. The Revised Code further provides that total voted and unvoted net debt of the Township less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation.

Note 11 – Interfund Transfers

During 2007 the following transfers were made:

Transfers from the General Fund to:	
Major Governmental Fund	\$210,000
Other Governmental Funds	66,906
Total Transfers from the General Fund	\$276,906

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

Note 12– Contingent Liabilities

Amounts grantor agencies pay to the Township are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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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*

Canfield Township
Mahoning County
21 South Broad Street
Canfield, Ohio 44406

To the Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Canfield Township, Mahoning County, (the Township) as of and for the year ended December 31, 2007, which collectively comprise the Township's basic financial statements and have issued our report thereon dated December 4, 2008 wherein we 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 opinions 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.

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 December 4, 2008.

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Compliance and Other Matters

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

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



Mary Taylor, CPA
Auditor of State

December 4, 2008



Mary Taylor, CPA
Auditor of State

CANFIELD TOWNSHIP

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 8, 2009**