



Dave Yost • Auditor of State

**CANFIELD TOWNSHIP
MAHONING COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Canfield Township
Mahoning County
21 South Broad Street
Canfield, OH 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, 2009, which collectively comprise the Government'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 an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This comprehensive accounting basis other than accounting principles generally accepted in the United States of America. Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

In our opinion, the financial statements referred to above for the year ended December 31, 2009 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, 2009, and the respective changes in cash financial position and the respective budgetary comparison for the General and Road District Funds thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2011, 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.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

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

Dave Yost
Auditor of State

March 15, 2011

Canfield Township
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

This discussion and analysis of Canfield Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2009, 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 2009 are as follows:

The Township's general receipts are primarily property taxes that represent about 47 percent of the total cash received for governmental activities during the year. Property tax/other local tax receipts for 2009 were \$859,270 compared to \$810,183 in 2008, an increase of \$49,087.

The net assets of governmental activities decreased significantly from the prior year by \$249,864 and would have been greater without Estate Tax of \$106,345 and \$186,000 received from First Energy as a civic donation to the General Fund. Two capital improvement projects at the Parkland on Herbert Road have contributed to the net decrease of assets. The athletic field project has not finalized due to minor punch list to be completed by spring of 2010. Final payment has not been made until the athletic fields are released. The multi-purpose building is about 90% – 95% completed with final payment due in 2010 after release.

The General Fund subsidized the Road Funds by \$115,000, which represents a decrease of \$63,000 in spending as reported in 2008. The Road Dept has operated with one less person during 2009. A new backhoe was purchased this year and paid for from the General Fund.

The Zoning Department continues to be a challenge due to the continuing decrease in single family home and overall lack of commercial construction. Some general expenses were paid from the General Fund and so reflected in the minutes.

The Township was forced to purchase salt at \$70.90 per ton during the first quarter, which was a hard winter season. The salt inventory was allowed to drop until favorable pricing was available. In July, the price dropped to \$58.02, at which time we used the balance of funds to replenish the salt dome. The Township was lucky that Morton Salt didn't require the Township to abide by the 2008 - 2009 salt contract, mainly because of our good credit in paying invoices as soon as they arrive

For police protection, the Township contracts with the Mahoning County Sheriff's Dept. The contract increased by \$9,909 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.

Canfield Township
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

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.

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 2009, 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, 2009
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 and Road District Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide 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 no fiduciary funds.

The Government as a Whole

Table 1 provides a summary of the Township's net assets for 2009 compared to 2008 on a cash basis:

	Governmental Activities	
	2009	2008
Assets		
Cash and Cash Equivalents	\$3,406,587	\$327,780
Investments	541,729	3,870,400
Total Assets	\$3,948,316	\$4,198,180
Net Assets		
Restricted for:		
Other Purposes	438,916	419,899
Unrestricted	3,509,400	3,778,281
Total Net Assets	\$3,948,316	\$4,198,180

As mentioned previously, the net assets of governmental activities decreased by \$249,864. The primary reasons contributing to the decrease in cash balances are as follows:

Canfield Township
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

- The Township spent \$245,233 on improvements to the Parkland.
- The Zoning Department revenue continues to decrease.
- Completion of one Issue 1 project with Township share of \$68,701.
- Purchase of new backhoe at \$66,660.

Table 2 reflects the changes in net assets on a cash basis in 2009 and 2008 for governmental activities.

	Changes in Net Assets	
	Governmental Activities	
	<u>2009</u>	<u>2008</u>
Receipts:		
Program Receipts:		
Charges for Service	80,043	101,460
Operating Grants and Contributions	197,677	199,465
Capital Grants and Contributions	61,337	
Total Program Receipts	<u>339,057</u>	<u>300,925</u>
General Receipts:		
Property and Other Local Taxes	959,327	899,291
Intergovernmental	178,478	286,743
Earnings on Investments	92,816	149,600
Miscellaneous	277,883	55,498
Total General Receipts	<u>1,508,504</u>	<u>1,391,132</u>
Total Receipts	<u>1,847,561</u>	<u>1,692,057</u>
Disbursements:		
General Government	524,695	478,730
Public Safety	259,576	235,770
Public Works	622,386	684,689
Health	94,232	89,971
Capital Outlay	424,851	414,818
Debt Service		
Principal Retirement	98,996	94,354
Interest and Fiscal Charges	34,815	39,457
Other	37,874	51,017
Total Disbursements	<u>2,097,425</u>	<u>2,088,806</u>
Excess (Deficiency) Before Transfers	<u>(249,864)</u>	<u>(396,749)</u>
Increase (Decrease) in Net Assets	<u>(249,864)</u>	<u>(396,749)</u>
Net Assets, Beginning of Year	<u>4,198,180</u>	<u>4,594,929</u>
Net Assets, End of Year	<u>\$3,948,316</u>	<u>\$4,198,180</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, 2009
Unaudited

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 general government, public safety, and public works, which represent 67 percent of all governmental disbursements. General government represents a significant cost of about 25 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 2009	Total Cost Of Services 2008
General Government	\$524,695	\$478,730
Public Safety	259,576	235,770
Public Works	622,386	684,689
Health	94,232	89,971
Other	37,874	51,017
Capital Outlay	424,851	414,818
Debt Service:		
Principal Retirement	98,996	94,354
Interest and Fiscal Charges	34,815	39,457
Total Expenses	\$2,097,425	\$2,088,806

The dependence upon property tax receipts is apparent as over 49% of governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$1,847,561 and disbursements of \$2,059,551. The greatest change within governmental funds occurred in the General Fund, where the balances decreased from \$3,778,281 to \$3,509,400.

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 2009, the Township amended its General Fund budget three times to reflect changing circumstances. Final budgeted receipts were above original budgeted receipts due to unexpected estate tax of \$106,345 and a civic donation of \$186,000 received from First Energy.

The Township had three Issue 1 projects awarded in 2009, but not completed, and one building 95% completed, but not released.

Canfield Township
Management's Discussion and Analysis
For the Year Ended December 31, 2009
Unaudited

Capital Assets and Debt Administration

Capital Assets

The Township does not currently keep track of its capital assets and infrastructure on electronic form but a hard copy is available upon request.

Debt

On December 31, 2009, the Township had outstanding debt of \$608,625.

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 concerned with low permit volume but anticipates that construction of single family units will begin again as well as commercial construction. The Board is aware that the Zoning Department needs to be closely watched. Cost for permits has already been increased, but at this time there are no areas that can be reduced.

The Board implemented the Bed Tax, which is being used to pay on the Parkland debt. Payments on that debt were doubled in 2008 and have continued so as to reduce the debt.

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 – 330-533-4239.

Canfield Township
Mahoning County
Statement of Net Assets - Cash Basis
December 31, 2009

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$3,406,587
Investments	<u>541,729</u>
<i>Total Assets</i>	<u><u>\$3,948,316</u></u>
Net Assets	
Restricted for:	
Other Purposes	438,916
Unrestricted	<u>3,509,400</u>
<i>Total Net Assets</i>	<u><u>\$3,948,316</u></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, 2009

	General	Road District	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$2,967,671	\$38,289	\$400,627	\$3,406,587
Investments	541,729			541,729
<i>Total Assets</i>	<u>\$3,509,400</u>	<u>\$38,289</u>	<u>\$400,627</u>	<u>\$3,948,316</u>
Fund Balances				
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	3,509,400			3,509,400
Special Revenue Funds		38,289	400,627	438,916
<i>Total Fund Balances</i>	<u>\$3,509,400</u>	<u>\$38,289</u>	<u>\$400,627</u>	<u>\$3,948,316</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, 2009

	General	Road Fund	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$644,709	\$143,477	\$71,084	\$859,270
Licenses, Permits and Fees			80,043	80,043
Intergovernmental	255,038	9,094	203,354	467,486
Special Assessments			70,063	70,063
Interest	92,221		595	92,816
Other	272,828	3,582	1,473	277,883
<i>Total Receipts</i>	<u>1,264,796</u>	<u>156,153</u>	<u>426,612</u>	<u>1,847,561</u>
Disbursements				
Current:				
General Government	429,620		95,075	524,695
Public Safety	251,617		7,959	259,576
Public Works	64,308	269,170	288,908	622,386
Health	87,273		6,959	94,232
Capital Outlay	294,812		130,039	424,851
Debt Service:				
Principal Retirement	98,996			98,996
Interest and Fiscal Charges	34,815			34,815
<i>Total Disbursements</i>	<u>1,261,441</u>	<u>269,170</u>	<u>528,940</u>	<u>2,059,551</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>3,355</u>	<u>(113,017)</u>	<u>(102,328)</u>	<u>(211,990)</u>
Other Financing Sources (Uses)				
Transfers In		115,000	118,701	233,701
Transfers Out	(233,701)			(233,701)
Advances In	91,763	0	92,424	184,187
Advances Out	(92,424)	0	(91,763)	(184,187)
Other Financing Uses	(37,874)			(37,874)
<i>Total Other Financing Sources (Uses)</i>	<u>(272,236)</u>	<u>115,000</u>	<u>119,362</u>	<u>(37,874)</u>
<i>Net Change in Fund Balances</i>	(268,881)	1,983	17,034	(249,864)
<i>Fund Balances Beginning of Year</i>	<u>3,778,281</u>	<u>36,306</u>	<u>383,593</u>	<u>4,198,180</u>
<i>Fund Balances End of Year</i>	<u>\$3,509,400</u>	<u>\$38,289</u>	<u>\$400,627</u>	<u>\$3,948,316</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, 2009*

	Budgeted Amounts			(Optional) Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$665,760	\$665,760	\$644,709	(\$21,051)
Intergovernmental	131,037	237,383	255,038	17,655
Interest	60,000	60,000	92,221	32,221
Other	25,000	269,000	272,828	3,828
<i>Total receipts</i>	<u>881,797</u>	<u>1,232,143</u>	<u>1,264,796</u>	<u>32,653</u>
Disbursements				
Current:				
General Government	501,449	529,845	429,620	100,225
Public Safety	270,000	270,000	251,617	18,383
Public Works	101,500	91,500	64,308	27,192
Health	91,500	93,476	87,273	6,203
Capital Outlay	1,275,000	1,223,049	294,812	928,237
Debt Service:				
Principal Retirement	100,179	120,165	98,996	21,169
Interest and Fiscal Charges	33,632	13,346	34,815	(21,469)
<i>Total Disbursements</i>	<u>2,373,260</u>	<u>2,341,381</u>	<u>1,261,441</u>	<u>1,079,940</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,491,463)</u>	<u>(1,109,238)</u>	<u>3,355</u>	<u>1,112,593</u>
Other Financing Sources (Uses)				
Transfers Out	(541,189)	(339,575)	(233,701)	105,874
Advances In			91,763	91,763
Advances Out	(100,000)	(100,000)	(92,424)	7,576
Other Financing Uses	(54,503)	(39,503)	(37,874)	1,629
<i>Total Other Financing Sources (Uses)</i>	<u>(695,692)</u>	<u>(479,078)</u>	<u>(272,236)</u>	<u>206,842</u>
<i>Net Change in Fund Balance</i>	(2,187,155)	(1,588,316)	(268,881)	1,319,435
<i>Fund Balance Beginning of Year</i>	<u>3,778,281</u>	<u>3,778,281</u>	<u>3,778,281</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1,591,126</u>	<u>\$2,189,965</u>	<u>\$3,509,400</u>	<u>\$1,319,435</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, 2009

	Budgeted Amounts			(Optional) Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$147,953	\$140,800	\$143,477	\$2,677
Intergovernmental	15,000	9,094	9,094	0
Other		3,582	3,582	0
<i>Total receipts</i>	162,953	153,476	156,153	2,677
Disbursements				
Current:				
Public Works	409,375	303,818	269,170	34,648
<i>Total Disbursements</i>	409,375	303,818	269,170	34,648
<i>Excess of Receipts Over (Under) Dist</i>	(246,422)	(150,342)	(113,017)	37,325
Other Financing Sources (Uses)				
Transfers In	215,000	115,000	115,000	0
<i>Total Other Financing Sources (Uses)</i>	215,000	115,000	115,000	0
<i>Net Change in Fund Balance</i>	(31,422)	(35,342)	1,983	37,325
<i>Fund Balance Beginning of Year</i>	36,306	36,306	36,306	0
<i>Fund Balance End of Year</i>	\$4,884	\$964	\$38,289	\$37,325

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. The Township has no Business-type activities.

Canfield Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

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. The Township has no fiduciary funds.

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. The Township has no proprietary funds.

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 two major governmental funds: the General Fund and Road District Fund (Road 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 no Agency Funds.

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 2009, the Township invested in nonnegotiable certificates of deposit, a money market/sweep account, and STAR Ohio. The nonnegotiable certificate of deposit is 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, 2009.

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 2009 were \$92,221, which includes \$595 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 \$438,916.

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, 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 are not available for appropriation or which are 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 and Road District 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, which 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.

Interim monies held by the Township can be deposited or invested in accordance with investment policy established in August of 2009:

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;

Canfield Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 5 – Deposits and Investments (continues)

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. Bonds and other obligations of the State of Ohio or Ohio local governments;
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. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. 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;
6. 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.

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.

Canfield Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 5 – Deposits and Investments (continues)

As of December 31, 2009, the Township had the following investments:

	<u>Carrying Value</u>	<u>Maturity</u>
19 MTH CD	\$ 541,295	1/12/10
STAR Ohio	<u>\$ 434</u>	NONE
Total Portfolio	<u>\$ 541,729</u>	

The Fiscal Officer has allowed investments to mature since November, to give the new Board the opportunity to participate in the decision of investment possibilities.

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 2009 represent the collection of 2008 taxes. Real property taxes received in 2009 were levied after October 1, 2008, on the assessed values as of January 1, 2008, 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 2009 represent the collection of 2008 taxes. Public utility real and tangible personal property taxes received in 2009 became a lien on December 31, 2008, were levied after October 1, 2008, 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 2009 (other than public utility property) represent the collection of 2008 taxes. Tangible personal property taxes received in 2009 were levied after October 1, 2008, on the true value as of December 31, 2008. 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.

Canfield Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 6 – Property Taxes (continued)

The full tax rate for all Township operations for the year ended December 31, 2009, was \$2.65 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2009 property tax receipts were based are as follows:

Real Property:	
Residential/ Agriculture	249,427,770
Commercial/Industrial/Mineral	37,850,920
Public Utility/Personal Property:	4,743,690
Tangible Personal Property	392,123
Total Assessed Value	<u><u>292,414,513</u></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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2009, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

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

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

Canfield Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 7 – 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, 2009 and 2008 (the latest information available):

	<u>2009</u>	<u>2008</u>
Assets	\$38,982,088	\$40,737,740
Liabilities	(12,880,766)	(12,981,818)
Net Assets	<u>\$26,101,322</u>	<u>\$27,755,922</u>

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$12.0 and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$11.5 and \$10.9 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the Township’s share of these unpaid claims collectible in future years is approximately \$13,000.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
<u>2009</u>	<u>2008</u>
\$12,169	\$14,794

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

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

Note 8 – Defined Benefit Pension Plan (continued)

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, 2009, the members of all three plans participating in the traditional plan were required to contribute 10 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2009 was 14 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, 2009, 2008, and 2007 were \$102,996, \$112,386, and \$106,810. The full amount has been contributed for 2009, 2008 and 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 2009 local government employer contribution rate was 14 percent of covered payroll. The portion that was used to fund health care was 7.00 percent of covered payroll from January 1 through March 31, 2009, and 5.5 percent from April 1 to December 31, 2009.

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, 2008, 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 are assumed to increase at the projected wage inflation rate plus an additional factor ranging from .50 and 3.00 percent annually for the next six years. In subsequent years (7and beyond) health care costs were assumed to increase at 4.00 percent (the projected wage inflation rate).

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.

Canfield Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 9 - Postemployment Benefits (continued)

The number of active contributing participants in the traditional and combined plans was 357,584. The number of active contributing participants for both plans used in the December 31, 2008, actuarial valuation was 356,388. Actual employer contributions for 2009 which were used to fund postemployment benefits were \$43,225. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2008, (the latest information available) were \$10.7 billion. The actuarially accrued liability and the unfunded actuarially accrued liability were \$29.6 billion and \$18.9 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 for state and local employers increased on January 1 of each year from 2006 to 2008, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

Medical Health and other Insurance

The Township pays for the full cost of medical health insurance, life insurance, dental, eye care, AD&H and cancer insurance policies for all employees and elected officials. The cost of these policies in 2009 was approximately \$71,804. The elected officials' and non bargaining unit employees' medical health insurance has a higher deductible to lower the cost, by using a third party administrator to match bargaining unit benefits. Total liability to the Township is approximately \$2,000 for the year 2009.

Note 10 – Debt

The Township's long-term debt activity for the year ended December 31, 2009, was as follows:

	Interest Rate	Balance December 31, 2008	Additions	Reductions	Balance December 31, 2009	Due Within One Year
<u>Governmental Activities</u>						
Farmers National Bank Promissory Note 2006 Issue (\$856,000)	4.92 %	\$ 707,622	\$	\$ 98,996	\$ 608,625	\$ 66,906

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 Board passed Resolution to double payments until further notice. Both payments in 2009 were doubled.

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
2010	103,867	29,944
2011	108,977	24,834
2012	114,339	19,472
2013	119,964	13,847
2014	125,867	7,954
2015	35,611	1,752
Totals	\$608,625	\$97,803

Canfield Township
Notes to the Basic Financial Statements
For the Year Ended December 31, 2009

Note 10 – Debt (continued)

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 un-voted 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 2009 the following transfers were made:

Transfers from the General Fund to:	
Road District Fund	\$115,000
Other Governmental Funds	118,701
Total Transfers from the General Fund	<u>\$233,701</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.

Note 12– Contingent Liabilities

Amounts that 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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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Board of 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, 2009, which collectively comprise the Township's basic financial statements and have issued our report thereon dated March 15, 2011, wherein we noted the Township processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Township because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code § 117.11(A) mandates the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Township's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated March 15, 2011.

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

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

Dave Yost
Auditor of State

March 15, 2011



Dave Yost • 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
JUNE 7, 2011**