



Dave Yost • Auditor of State



**BOARDMAN TOWNSHIP  
MAHONING COUNTY**

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# Dave Yost • Auditor of State

Boardman Township  
Mahoning County  
8299 Market Street  
Boardman, Ohio 44512

To the Board of Trustees:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Dave Yost".

**Dave Yost**  
Auditor of State

November 10, 2011

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Boardman Township  
Mahoning County  
8299 Market Street  
Boardman, Ohio 44512

To the Board of Trustees:

We have audited the accompanying financial statements of Boardman Township, Mahoning County, (the "Township") as of and for the years ended December 31, 2010 and 2009. 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 Township has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). 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.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Township's larger (i.e. major) funds separately. While the Township does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require townships to reformat their statements. The Township has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township as of December 31, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of Boardman Township, Mahoning County, as of December 31, 2010 and 2009, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Township has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 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.



**Dave Yost**  
Auditor of State

November 10, 2011



**BOARDMAN TOWNSHIP  
MAHONING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$5,009,438	\$5,101,812	\$0	\$10,111,250
Licenses, Permits, and Fees	309,517	71,672		381,189
Fines and Forfeitures	120	1,845		1,965
Intergovernmental	3,197,819	1,489,092		4,686,911
Special Assessments	0	266,238		266,238
Earnings on Investments	3,801	2,407		6,208
Miscellaneous	210,727	247,448		458,175
	<u>8,731,422</u>	<u>7,180,514</u>	<u>0</u>	<u>15,911,936</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
General Government	1,379,322	0		1,379,322
Public Safety	20,207	10,824,507		10,844,714
Public Works	8,776	3,091,149		3,099,925
Health	285,604	0		285,604
Capital Outlay	0	83,560	5,175	88,735
	<u>1,693,909</u>	<u>13,999,216</u>	<u>5,175</u>	<u>15,698,300</u>
<b>Total Cash Disbursements</b>				
<b>Total Receipts Over/(Under) Disbursements</b>	<u>7,037,513</u>	<u>(6,818,702)</u>	<u>(5,175)</u>	<u>213,636</u>
<b>Other Financing Receipts / (Disbursements):</b>				
Transfers-In		7,036,765	3,458	7,040,223
Transfers-Out	(7,040,223)			(7,040,223)
Advances-In	282,000	262,000		544,000
Advances-Out	(262,000)	(282,000)		(544,000)
Other Financing Sources	34,966	5,239		40,205
	<u>(6,985,257)</u>	<u>7,022,004</u>	<u>3,458</u>	<u>40,205</u>
<b>Total Other Financing Receipts / (Disbursements)</b>				
Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements	52,256	203,302	(1,717)	253,841
Fund Cash Balances, January 1	138,552	2,752,514	1,717	2,892,783
<b>Fund Cash Balances, December 31</b>	<u><b>\$190,808</b></u>	<u><b>\$2,955,816</b></u>	<u><b>\$0</b></u>	<u><b>\$3,146,624</b></u>
Reserve for Encumbrances, December 31	<u>\$21,925</u>	<u>\$116,027</u>	<u>\$0</u>	<u>\$137,952</u>

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

**BOARDMAN TOWNSHIP  
MAHONING COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Fiduciary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Private Purpose Trust</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Total Operating Cash Receipts	<u>0</u>	<u>0</u>	<u>0</u>
<b>Operating Cash Disbursements:</b>			
Other	<u>79</u>		<u>79</u>
Total Operating Cash Disbursements	<u>79</u>	<u>0</u>	<u>79</u>
Operating Income/(Loss)	<u>(79)</u>	<u>0</u>	<u>(79)</u>
<b>Non-Operating Cash Receipts:</b>			
Total Non-Operating Cash Receipts	<u>0</u>	<u>0</u>	<u>0</u>
<b>Non-Operating Cash Disbursements:</b>			
Total Non-Operating Cash Disbursements	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(79)	0	(79)
Net Receipts Over/(Under) Disbursements	(79)	0	(79)
Fund Cash Balances, January 1	<u>4,828</u>	<u>22,089</u>	<u>26,917</u>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$4,749</u></u></b>	<b><u><u>\$22,089</u></u></b>	<b><u><u>\$26,838</u></u></b>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**BOARDMAN TOWNSHIP  
MAHONING COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>				<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>					
Property and Other Local Taxes	\$4,958,117	\$5,066,152	\$0	\$0	\$10,024,269
Licenses, Permits, and Fees	316,469	64,085			380,554
Fines and Forfeitures	7,555	4,391			11,946
Intergovernmental	3,238,946	1,605,251		77,134	4,921,331
Special Assessments	0	262,260			262,260
Earnings on Investments	3,750	1,596			5,346
Miscellaneous	732,850	80,390			813,240
<b>Total Cash Receipts</b>	<u>9,257,687</u>	<u>7,084,125</u>	<u>0</u>	<u>77,134</u>	<u>16,418,946</u>
<b>Cash Disbursements:</b>					
Current:					
General Government	1,461,201	0			1,461,201
Public Safety	7,098,738	4,641,487			11,740,225
Public Works	455,941	2,513,310			2,969,251
Health	290,243	0			290,243
Capital Outlay	30,895	0		124,992	155,887
Debt Service:					
Redemption of Principal			3,000,000		3,000,000
Interest and Other Fiscal Charges			30,030		30,030
<b>Total Cash Disbursements</b>	<u>9,337,018</u>	<u>7,154,797</u>	<u>3,030,030</u>	<u>124,992</u>	<u>19,646,837</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(79,331)</u>	<u>(70,672)</u>	<u>(3,030,030)</u>	<u>(47,858)</u>	<u>(3,227,891)</u>
<b>Other Financing Receipts / (Disbursements):</b>					
Sale of Notes	3,000,000				3,000,000
Transfers-In		475,267	3,030,030		3,505,297
Transfers-Out	(3,505,297)	0			(3,505,297)
Advances-In	909,815	1,059,815		15,000	1,984,630
Advances-Out	(1,074,815)	(909,815)			(1,984,630)
Other Financing Sources	142,614				142,614
<b>Total Other Financing Receipts / (Disbursements)</b>	<u>(527,683)</u>	<u>625,267</u>	<u>3,030,030</u>	<u>15,000</u>	<u>3,142,614</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over / (Under) Cash Disbursements and Other Financing Disbursements</b>	<u>(607,014)</u>	<u>554,595</u>	<u>0</u>	<u>(32,858)</u>	<u>(85,277)</u>
<b>Fund Cash Balances, January 1 (Restated - See Note 9)</b>	<u>745,566</u>	<u>2,197,919</u>	<u>0</u>	<u>34,575</u>	<u>2,978,060</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$138,552</b></u>	<u><b>\$2,752,514</b></u>	<u><b>\$0</b></u>	<u><b>\$1,717</b></u>	<u><b>\$2,892,783</b></u>
<b>Reserve for Encumbrances, December 31</b>	<u><b>\$51,913</b></u>	<u><b>\$154,529</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$206,442</b></u>

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

**BOARDMAN TOWNSHIP  
MAHONING COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Fiduciary Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>Private Purpose Trust</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Total Operating Cash Receipts	0	0	0
<b>Operating Cash Disbursements:</b>			
Other	41	0	41
Total Operating Cash Disbursements	41	0	41
Operating Income/(Loss)	(41)	0	(41)
<b>Non-Operating Cash Receipts:</b>			
Total Non-Operating Cash Receipts	0	0	0
<b>Non-Operating Cash Disbursements:</b>			
Total Non-Operating Cash Disbursements	0	0	0
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(41)	0	(41)
Net Receipts Over/(Under) Disbursements	(41)	0	(41)
Fund Cash Balances, January 1	4,869	22,089	26,958
<b>Fund Cash Balances, December 31</b>	<b><u>\$4,828</u></b>	<b><u>\$22,089</u></b>	<b><u>\$26,917</u></b>
Reserve for Encumbrances, December 31	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

**BOARDMAN TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of Boardman Township, Mahoning County, (the "Township") as a body corporate and politic. A publicly-elected three-member Board of Trustees directs the Township. The Township provides road and bridge maintenance, cemetery maintenance, and police and fire protection. On October 12, 1999, the Board of Trustees passed a resolution that was to take effect on November 11, 1999, establishing Boardman Township as a "limited home rule government" and "urban township" as authorized by Chapter 504 of the Ohio Revised Code. This enabled the Township to exercise limited powers of local self-government and limited police powers.

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Township recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits and Investments**

The Township's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Township values certificates of deposit at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

**D. Fund Accounting**

The Township uses fund accounting to segregate cash and investments that are restricted as to use. The Township classifies its funds into the following types:

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds account for proceeds from specific sources (other than from private-purpose trusts or for capital projects) that are restricted to expenditure for specific purposes.

**BOARDMAN TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

The Township had the following significant Special Revenue Funds:

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

Police District Fund - This fund receives local tax money and monies from fines, forfeitures and fees to pay for police protection for the Township.

Special Levy Police Fund – This fund receives property tax money to provide police protection for Township residents.

Special Levy Fire Fund – This fund receives property tax money to provide fire protection for Township residents.

**3. Debt Service Funds**

These funds account for resources the Township accumulates to pay bond and note debt. The Township had the following significant Debt Service Fund:

General 2009 Note – This fund received monies from the Township's General Fund to repay the 2009 Tax Anticipation Note.

**4. Capital Project Funds**

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Township had the following significant Capital Project Fund:

Capital Projects Fund - The Township uses this fund to make necessary capital improvements with intergovernmental receipts and transfers from the General Fund.

**5. Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Township's own programs.

The Township's private purpose trust fund is for the benefit of certain cemetery lots.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township disburses these funds as directed by the individual, organization or other government. The Township's agency fund accounts for money from outdated checks that have not been cashed within 12 months of issue date. Any money paid out of this fund is paid to someone who had money due to them from the Township but did not cash the check within 12 months of the issue date.

**BOARDMAN TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the object level of control, and appropriations may not exceed estimated resources. The Board of Trustees must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the Township to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2010 and 2009 budgetary activity appears in Note 3.

**F. Property, Plant, and Equipment**

The Township records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**G. Accumulated Leave**

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

**BOARDMAN TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS**

The Township maintains a deposit and investments pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

	2010	2009
Demand deposits	\$425,068	\$2,905,491
Total deposits	425,068	2,905,491
STAR Ohio	14,225	14,209
Repurchase agreement	2,734,169	0
Total investments	2,748,394	14,209
Total deposits and investments	\$3,173,462	\$2,919,700

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

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

Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$8,655,559	\$8,766,388	\$110,829
Special Revenue	13,778,449	14,222,518	444,069
Capital Projects	100,000	3,458	(96,542)
Trust	0	0	0
Total	\$22,534,008	\$22,992,364	\$458,356

2010 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$8,764,398	\$8,756,057	\$8,341
Special Revenue	14,144,950	14,115,243	29,707
Capital Projects	5,175	5,175	0
Trust	79	79	0
Total	\$22,914,602	\$22,876,554	\$38,048



**BOARDMAN TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**3. BUDGETARY ACTIVITY – (Continued)**

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$11,487,784	\$12,400,301	\$912,517
Special Revenue	7,090,349	7,559,392	469,043
Debt Service	3,030,030	3,030,030	0
Capital Projects	60,000	77,134	17,134
Trust	0	0	0
Total	\$21,668,163	\$23,066,857	\$1,398,694

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$12,900,048	\$12,894,228	\$5,820
Special Revenue	7,496,127	7,309,326	186,801
Debt Service	3,030,030	3,030,030	0
Capital Projects	60,000	124,992	(64,992)
Trust	45	41	4
Total	\$23,486,250	\$23,358,617	\$127,633

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Trustees adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Township.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**BOARDMAN TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**5. RETIREMENT SYSTEMS**

The Township's certified Fire Fighters belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2010 and 2009, OP&F participants contributed 10% of their wages. For 2010 and 2009, the Township contributed to OP&F an amount equal to 24% of their wages. For 2010 and 2009, OPERS – Law Enforcement members contributed 11.10% and 10.10%, respectively, of their gross salaries and the Township contributed an amount equaling 17.87% and 17.63%, respectively, of participants' gross salaries. For 2010 and 2009, OPERS – Local members contributed 10% of their gross salaries and the Township contributed an amount equaling 14%. The Township has paid all contributions required through December 31, 2010.

**6. RISK MANAGEMENT**

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. 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, 2010, 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.

**BOARDMAN TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**6. RISK MANAGEMENT - (Continued)**

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009.

	<u>2010</u>	<u>2009</u>
Assets	\$35,855,252	\$38,982,088
Liabilities	(10,664,724)	(12,880,766)
Net Assets	<u>\$25,190,528</u>	<u>\$26,101,322</u>

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$9.9 and \$12.0 million of estimated incurred claims payable. The assets above also include approximately \$9.5 and \$11.5 million of unpaid claims to be billed to approximately 940 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Township's share of these unpaid claims collectible in future years is approximately \$77,000.

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>2010</u>	<u>2009</u>
\$104,281	\$106,838

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.

**7. CONTINGENT LIABILITIES**

The Township is defendant in several lawsuits. Although management cannot presently determine the outcome of these suits, management believes that the resolution of these matters will not materially adversely affect the Township's financial condition.

**BOARDMAN TOWNSHIP  
MAHONING COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**8. RELATED ORGANIZATIONS**

The Trustees appoint a three-member Board of Commissioners to govern the Boardman Township Park District. The Trustees' accountability is limited to the appointment of the Board of Commissioners. The Park Commissioners are authorized to acquire, develop, protect, maintain, and improve park lands and facilities. The Park District is fiscally autonomous from the Township. There were no related party transactions identified between the Park District and the Township.

**9. PRIOR PERIOD ADJUSTMENT**

The year ended December 31, 2008 audited fund balances did not agree to the beginning January 1, 2009 system fund balances due to the following adjustment which was made by the Township on the Township's records to correct a posting error that was discovered after year end.

<u>Fund Type</u>	<u>12/31/08 Fund Cash Balances</u>	<u>Adjustments</u>	<u>01/01/09 Fund Cash Balances</u>
General Fund	\$731,100	\$14,466	\$745,566



# 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*

Boardman Township  
Mahoning County  
8299 Market Street  
Boardman, Ohio 44512

To the Board of Trustees:

We have audited the financial statements of Boardman Township (the "Township") as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated November 10, 2011 wherein we noted the Township followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted the Township 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 opinion 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 November 10, 2011.

We intend this report solely for the information and use of management, the audit committee, the Board of 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 initial "D".

**Dave Yost**  
Auditor of State

November 10, 2011



# Dave Yost • Auditor of State

**BOARDMAN TOWNSHIP**

**MAHONING COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 8, 2011**